

Services

Deposit Services



Local Government Federal Credit Union wants to make it as easy as possible for members to build their savings. The Credit Union offers a variety of deposit account options, all with competitive rates and convenient access to your money. It's never too early—or too late—to take control of your financial future.

Deposit Accounts

Share Account

At the Credit Union, members' savings accounts are called Share Accounts. In order to become a member of LGFCU, an individual must open a Share Account. For our youngest members, we offer special Share Accounts. Our Fat Cat Share Accounts are designed for members up to age 12 and our Zard Accounts are for members ages 13 to 19.

- ◆ Minimum deposit requirement of \$25.00, which must be maintained to use LGFCU services (minimum balance for Fat Cat Account is \$5.00).
- ◆ Dividend rate determined by the board of directors and subject to change daily. Dividends are compounded daily and paid monthly, with the period beginning on the same day your monthly statement is created.
- ◆ If a Share Account balance drops below \$25.00 on the statement cutoff date, a \$1.00 service charge is assessed (minimum balance for Fat Cat Accounts is \$5.00).

- ◆ Funds may be accessed through the CashPoints® and Visa®/PLUS ATM networks, 24-Hour Voice Response, Member Connect, Member Connect Mobile and at any branch location.
- ◆ Share Accounts may be used as collateral on Credit Union loans.
- ◆ Monthly statements will list account balance, all transactions for the statement cycle and current dividend rate.
- ◆ Per Federal Regulation D, this account is limited to a maximum of six total preauthorized withdrawals and/or funds transfers per account. For more information see our Rules and Regulations Brochure.

Checking Account

LGFCU's Checking Account is an insured account that offers convenience and affordability.

- ◆ Dividends are compounded daily and paid monthly. Dividend period begins on the same day your monthly statement is created.
- ◆ No minimum deposit to open.
- ◆ There is no minimum balance required after initial deposit.
- ◆ Funds may be accessed through the CashPoints® and Visa/PLUS ATM networks, 24-Hour Voice Response, Member Connect, Member Connect Mobile and at any branch location.
- ◆ Monthly statement will list the account balance, all transactions for the statement cycle and current dividend rate.
- ◆ Zard Checking Accounts are available for members between the ages of 13 and 19.

Golden Circle Checking

If you are a member of LGFCU and 50 years or older, you qualify for membership in the Golden Circle Club. As your financial needs change, LGFCU wants to have the right services and benefits available for you, including:

- ◆ Cashier's checks at no charge;
- ◆ Two free boxes of checks per year; and
- ◆ Two U.S. wire transfers each month at no charge.

CashPoints® Global

CashPoints® Global (CPG) is a non-dividend bearing, controlled-spending account that's only accessible electronically by using a CPG card. It can be used anywhere the Visa® logo is displayed, and is perfect for students, travelers or anyone wanting an alternative to the traditional checking account.

- ◆ Individual account ownership includes one card only.
- ◆ Access your account through the CashPoints® and Visa/PLUS ATM networks, 24-Hour Voice Response, Member Connect, Member Connect Mobile and at any branch location.
- ◆ Statements are provided electronically only.
- ◆ There is a \$1.00 monthly maintenance fee.
- ◆ Funds can be added to the account at any time.

Money Market Share Account

LGFCU's Money Market Share Account is an insured Share Account that offers money market rates without tying up funds for a specific period of time. Deposits and withdrawals may be made anytime with no maturity date restrictions.

- ◆ Minimum deposit is \$250.
- ◆ Dividend rate is set by the board of directors and is subject to change daily.
- ◆ Rate is compounded daily and paid monthly. Dividend period begins on the same day as your monthly statement is created.
- ◆ If the balance falls below \$250 any day during the statement period, a \$2.00 fee is assessed.
- ◆ Funds may be accessed through the CashPoints® and Visa/PLUS ATM networks, 24-Hour Voice Response, Member Connect, Member Connect Mobile and at any branch location.
- ◆ Monthly statement will list account balance, all transactions for the statement cycle and current dividend rate.
- ◆ Money Market Share Accounts may not be used as collateral for an LGFCU loan, nor will the Credit Union accept assignments from other creditors.
- ◆ Per Federal Regulation D, this account is limited to a maximum of six total preauthorized withdrawals and/or funds transfers per account. For more information see our Rules and Regulations Brochure.

Share Term Certificates

A Share Term Certificate (Certificate or STC) is a fixed-rate, closed-end time deposit. The Credit Union agrees to pay a set dividend rate on a specific sum for a particular period of time. Certificates have an established minimum deposit amount and a predetermined maturity period. The dividend rate is fixed for the duration of the Certificate and will not fluctuate.

- ◆ Minimum deposit is \$250, and terms may be opened for six, 12, 18, 24, 30, 36, 48 or 60 months.
- ◆ No additional deposits can be added to an STC after it has been opened, and no partial withdrawals of principal are allowed.
- ◆ Dividends for all terms will automatically transfer monthly to your designated deposit account; however, for six- or 12-month term Certificates, you may specifically request that the dividends be transferred at maturity or renewed with the principal.
- ◆ There are no service charges.
- ◆ You can use Share Term Certificates as collateral on a Credit Union loan.
- ◆ There are dividend penalties for early withdrawals equal to either 90 days' dividends or all dividends earned, whichever is less.
- ◆ Fourteen days prior to renewal or maturity, a notice will be sent to you. A grace period of seven days after renewal is allowed for cancellation of the renewed Certificate without penalty. If cancellation occurs during the grace period, dividends will be paid from the renewal date to the cancellation date at the existing regular Share dividend rate.

Holiday Cash Club

Save throughout the year to help with holiday spending.

- ◆ There are no minimum deposit restrictions or service charges.
- ◆ There is no penalty on early withdrawals.
- ◆ Dividends are compounded daily and paid the last business day in October.
- ◆ Dividend rate is determined by the board of directors and subject to change daily.
- ◆ Funds may be accessed through the CashPoints® and Visa/PLUS ATM networks, 24-Hour Voice Response, Member Connect, Member Connect Mobile and at any branch location.

- ◆ The same account can be used year after year.
- ◆ Deposits can be made through October, with the balance (plus dividends) automatically transferred to your Checking, Share or Money Market account.

Health Savings Account (HSA)

A health savings account (HSA) is a tax-advantaged account used to save and pay for qualified medical expenses. HSAs were created to work in conjunction with a high deductible health plan (HDHP) to allow individuals and employers to choose more affordable health care coverage, while also providing a tax-advantaged source of savings to pay for out-of-pocket expenses. An HSA can be opened by any eligible individual regardless of income.

- ◆ Contributions are tax deductible.
- ◆ Distributions for qualified medical expenses are tax-free.
- ◆ Funds can remain on deposit year after year.
- ◆ Funds in the account can be used to pay the qualified medical expenses of the account holder, his/her spouse and dependents.
- ◆ No minimum deposit or balance is required to earn dividends on the account.
- ◆ There is no monthly service charge or maintenance fee.
- ◆ The dividend rate is determined by the board of directors and is subject to change daily.

ELIGIBILITY

An individual who is:

- ◆ Covered by a high deductible health plan (HDHP).*
- ◆ Not covered by another major medical plan (other than another HDHP).
- ◆ Not eligible to be claimed as a dependent on another person's tax return.
- ◆ Not enrolled in Medicare.

Note: HSAs can have tax consequences for non-qualified distributions. For a complete list of qualified HSA distributions, visit www.irs.gov to view publications 969 and 502. Consult your tax adviser for additional information about how non-qualified distributions could affect your tax obligations.

Individual Retirement Account (IRA)

LGFCU's Individual Retirement Accounts may offer members tax advantages, and are a great way to plan for retirement.** Most wage earners, including active participants in a company-sponsored retirement plan and the self-employed, are eligible to open an IRA. The Credit Union offers three types of deposit IRAs: the Traditional IRA, Roth IRA and Simplified Employee Pension (SEP) IRA. The minimum deposit to open an IRA is \$25.00. The dividend rate is subject to change daily, with dividends compounded daily and paid monthly. If the account balance drops below \$25.00 on the statement cutoff date, a \$1.00 service charge is assessed.

- ◆ Per Federal Regulation D, this account is limited to a maximum of six total preauthorized withdrawals and/or funds transfers per account. For more information see our Rules and Regulations Brochure.

Roth and Traditional IRAs

See the IRA Comparison Chart on page 12 for detailed information on these IRAs.

Simplified Employee Pension (SEP)

This plan is established by a small business or a self-employed individual. The plan allows employers to make contributions toward retirement savings for themselves and their employees.

HOW A SEP WORKS

- ◆ Employer must complete and sign written 5305-SEP agreement by the tax return date (plus extensions).
- ◆ Employer must give each employee a copy of the agreement and any other pertinent information.
- ◆ All eligible employees must open a SEP at their institution of choice.
- ◆ Employer will decide annually what percentage of the employee's income to contribute.

Contributions/Distributions:

- ◆ Maximum contribution cannot exceed 25 percent of employee's income up to \$52,000 for the 2014 tax year.

* An HDHP is a health insurance plan that has a minimum annual deductible and a maximum out-of-pocket expense cap. Contact LGFCU's Financial Planning Department at financialplanning@lgfcu.org or 877.367.5428 for additional information.

** Consult your tax adviser.

- ◆ All contributions must be made by the employer's tax return due date (plus extensions).
- ◆ Contributions can be made on behalf of an eligible employee after age 70½.
- ◆ Distribution rules are the same as for Traditional IRAs.

Contact LGFCU's Financial Planning Department at financialplanning@lgfcu.org or 877.367.5428 to determine which IRA is best for you.

Coverdell Education Savings Account (CESA)

The Coverdell Education Savings Account (formerly known as the Education IRA) allows individuals to save funds for educational expenses. Parents, grandparents or other individuals may establish the account in the name of the designated beneficiary. Contributions are made with after-tax dollars. Earnings are tax-deferred, and are tax-free when withdrawn to pay qualified education expenses.

Account Ownership Types

When opening an account, you will need to decide who will have access to the funds and who will be accountable for taxes and other responsibilities. LGFCU offers several types of options for ownership and management of your deposits. Following is a description of the various ownership options available on LGFCU Share Accounts.

Individual Accounts

An individual account is owned by one Credit Union member. That member must report all dividends as taxable income. In the event of the owner's death, and upon presentation of proper documentation, the Credit Union will release funds in the account to the estate of the individual account owner (for additional information, see Payable on Death account).

Joint Accounts

All joint accounts with LGFCU, regardless of who deposits the funds, shall be held by the depositors as co-owners with the right of survivorship. The Credit Union may release the funds in the account to, or by request of, any one of the joint owners

named on the account. Any money remaining in a joint account at the time of a joint owner's death will belong to the surviving joint owners, and will not pass by inheritance to the heirs of the deceased joint owner or be controlled by the deceased joint owner's will.

Payable on Death Account

A Payable on Death (POD) account may be set up as an individual account or with multiple owners. Each POD account can have multiple beneficiaries. The account owner(s) retains control of the funds, and dividends are earned under the primary owner's name and Social Security number. Upon the death of the last surviving owner, the money remaining in the account will belong to the beneficiary(ies), and will not be inherited by the heirs of the owner(s) or controlled by will.

Uniform Transfer to Minors Act (UTMA) Account

An UTMA is an irrevocable gift to a minor.

- ◆ A minor is a person who has not yet reached the age of 21. An adult custodian is established to act on behalf of the minor.
- ◆ There can only be one custodian and one minor per account.
- ◆ Dividends are taxable income to the minor, not the custodian.
- ◆ When the minor reaches age 21, the custodian is required to transfer the funds to a new account established in the former minor's name, if eligible.

Personal Agency Account

A personal Agency Account allows someone to carry out account transactions for individuals who are unable to do so for themselves.

- ◆ The agent named on the account may sign checks/withdrawals on the account and make deposits to the account.
- ◆ The member has the right to amend the personal agent agreement at any time. The Credit Union will honor all checks written by the previous personal agent prior to the date the amendment was made.
- ◆ The personal agent's authority ends upon the death of the last account holder, and the funds remaining in the account will be controlled

by the will or inherited by the heirs of the last account owner to die, or released to any POD beneficiary(ies) if the account is a POD account.

- ◆ A personal agency account grants no ownership right or interest to the designated agent. Upon the death of the owner, the personal agent's authority terminates and he/she has no right of survivorship to the account.

Trust Accounts

LGFCU offers both Irrevocable Trust and Revocable Living Trust deposit accounts. Trusts give legal instructions regarding how property and assets will pass to beneficiaries.

- ◆ The trustee has control of the assets/funds.
- ◆ Assets are not subject to probate.
- ◆ At the time the account is opened, the trustee must present evidence of fiduciary capacity and evidence of his/her authority to open an account on behalf of the trust.

The Credit Union does not accept responsibility for determining whether the grantor or trustee is qualified to act or has been duly appointed to act in that capacity, nor whether any transaction involving the account is in accordance with or authorized by applicable law or the trust agreement. The Credit Union acts only as a depository for the funds.

Estate Account

A deposit Estate Account is established to provide the executor of an estate with an easy way to manage and distribute the estate's property.

- ◆ The account can be opened by a representative of the estate.
- ◆ Online access provides a quick, convenient way to obtain copies of checks for estate settlement.
- ◆ Court documents showing the representative's appointment and a death certificate must be provided at account opening.

Safety

The National Credit Union Administration (NCUA) Share Insurance Fund insures all types of member deposit accounts up to \$250,000; individual retirement

accounts (IRAs) are insured separately up to \$250,000. This level of protection is permanent. Your Credit Union shares are federally insured by the National Credit Union association (NCUA), an independent government agency that charters, regulates and insures federal credit unions. The NCUA is backed by the full faith and credit of the United States Government.

Individual accounts are insured up to \$250,000 for combined balances in your savings, checking, share certificates, and money market savings accounts. Joint accounts are insured up to \$250,000 for each joint owner on the account. The most share insurance coverage any member can have as a result of joint ownership is \$250,000, regardless of the number of accounts that are jointly owned.

Combined balances in your Traditional, Simplified Employee Pension (SEP), and Roth IRA plans are insured separately from your other LGFCU accounts for up to \$250,000. Educational savings accounts are also insured separately from your other Credit Union accounts for \$250,000.

Payable on Death (POD) accounts are insured separately from your other LGFCU accounts. Each owner is insured up to \$250,000 per beneficiary. Naming the same beneficiary on more than one POD account does not increase insurance coverage.

Deposit Trust Accounts are insured separately from your other Credit Union accounts. Each beneficiary account established under a trust arrangement is insured up to \$250,000.

For more information about NCUA's Share Insurance Fund please call the Contact Center at 1.888.732.8562, visit your local branch, or go to our website www.lgfcu.org.

The information in this brochure is intended for educational purposes only, and should not be construed as tax or legal advice specific to your situation. For tax or legal advice, please contact a professional.

IRA Comparison Chart

Eligibility and contribution limits based on tax year 2014.

For more information on which accounts may be most appropriate for you, or to discuss your retirement planning options, contact an LGFCU Financial Advisor at 877.367.5428 or financialplanning@lgfcu.org.

Traditional IRA

Roth IRA

Am I eligible?	You must have earned income and be under age 70½ in the year the contribution is made.	No age limit; however, for full contribution in 2014 you must have a modified adjusted gross income (MAGI) below \$114,000 if single or \$181,000 if married filing jointly
How much can I contribute each year?*	<ul style="list-style-type: none"> ✦ Individual: \$5,500 ✦ Married filing jointly: \$11,000 (up to \$5,500 each) 	<ul style="list-style-type: none"> ✦ Individual: \$5,500 ✦ Married filing jointly: \$11,000 (up to \$5,500 each)
What is a "catch-up contribution?"	<ul style="list-style-type: none"> ✦ IRA account holders who are 50 or older in the year of contribution are eligible to make an additional \$1,000 contribution. ✦ If you are not an active participant in an employer-sponsored retirement plan, such as a 401(k), your entire contribution is tax deductible. 	IRA account holders who are 50 or older in the year of contribution are eligible to make an additional \$1,000 contribution.
Can I deduct my contribution?	If you are an active participant in an employer-sponsored retirement plan, your contribution may be completely or partially deductible.	Contributions are not tax deductible.
Is there a deadline for account opening and contributions?	Opening the account and making contributions for a specific year must be made by the tax filing deadline for that year.	Opening an account and making contributions for a specific year must be made by the tax filing deadline for that year.
Is there a penalty tax on excess contributions?	Yes, the IRS imposes a 6% penalty tax on excess contributions.	Yes, the IRS imposes a 6% penalty tax on excess contributions.
When must I begin taking distributions?	<ul style="list-style-type: none"> ✦ You may begin taking contributions at age 59½ without any penalties. ✦ Distributions must begin by April 1 of the year after turning age 70½. 	There is no mandatory age for taking distributions.
Do I pay income taxes on withdrawals?*	Yes. Any withdrawals (except non-deductible contributions) are subject to regular income taxes.	<p>Qualified withdrawals of contributions are tax-free (see below).</p> <p>A qualified distribution is any payment or distribution that meets the following requirements:</p> <ol style="list-style-type: none"> 1. It is made after five years has passed since the first taxable year in which a contribution was made to a Roth IRA set up for your benefit, and 2. The payment or distribution is: <ol style="list-style-type: none"> a. Made on or after the date you reach age 59½, b. Made because you are disabled (defined earlier), c. Made to a beneficiary or to your estate after your death, or d. One that meets the requirements listed under First Home under Exceptions in Chapter 1 (up to a \$10,000 lifetime limit).

* Additional limitations may apply.

IRA Comparison Chart Cont.

Traditional IRA

Can I make withdrawals prior to 59½?

- Penalty-free withdrawals before age 59½ are allowed if:
- ✦ You are a first-time homebuyer (\$10,000 lifetime limit).
 - ✦ You are using the withdrawal to pay for certain higher educational expenses.
 - ✦ Certain conditions are met for unemployment or qualifying medical expenses.
 - ✦ The distribution was a result of disability or death.

Is there a penalty tax on insufficient withdrawals after age 70½?

Yes. The IRS imposes a 50% tax on amount that should have been withdrawn

Roth IRA

- ✦ You have the ability to withdraw your principal and earnings completely tax-free if the IRA has been open for five or more years, and at least one of the following conditions are met:
 - ✦ You are a first-time homebuyer (\$10,000 lifetime limit).
 - ✦ You are disabled when you make the withdrawal.
 - ✦ Withdrawals are made by your beneficiary after you die.

Not applicable

Notes

Notes

For more information on which accounts may be most appropriate for you, or to discuss your retirement planning options, contact an LGFCU Financial Advisor at 877.367.5428 or financialplanning@lgfcu.org.



For additional details about any of our services, visit us at www.lgfcu.org or call the Contact Center at 888.732.8562. Calls may be recorded for quality assurance.



/ To improve the lives of our members /



Federally insured by NCUA

The Quorum Center

323 West Jones Street, Suite 600, Raleigh, NC 27603

919.755.0534 / 800.344.4846 / f: 919.755.0193