

4 Financial Factors to Review Annually

It's a new year! This is the perfect time to make sure your finances are in the best state they can be. That doesn't just mean having a low credit card balance or a high checking balance; it means that the money you work hard for is being spent wisely. We recommend you take this opportunity to review your finances; there is no time like the present! To get you started, here are a few financial items you should review each year:

1 Investment strategy. A review of your investments – including mutual funds, 401(k) plans, individual stocks and more – isn't just an opportunity to evaluate investment performance. It's also a chance to determine if your asset allocation should be updated to reflect where you are in life. For example, many financial planners recommend that a person's asset allocation should include more stocks when young to maximize growth potential and fewer stocks when older to reduce risk.

! Tip: We're partnered with Ameriprise Financial to offer more investment options to our members. Call them today at **845.561.5607** to help determine whether you're on track to meet your savings and retirement goals for the future.

2 Tax-efficiency. You can reduce the amount of taxes you pay now or in the future by adjusting the types of accounts you're invested in. For example, you can defer taxes with some accounts such as 401(k)s and health savings accounts (HSAs) or reduce taxes in the future with Roth IRAs or 529 college savings accounts. You can also adjust your tax withholding if you've experienced a life change such as having a baby.

! Tip: If you itemize your deductions, you can make contributions to charity and claim them on your tax return to reduce your taxable income.

3 Insurance needs. Checking your insurance annually may seem

unnecessary. But the reality is that you may be missing out on coverage or overpaying on premiums by not re-evaluating your insurance. For example, your home may have increased in value, leaving you with a gap in coverage. Or your car might now be old enough that full comprehensive and collision coverage doesn't make sense anymore. Have a discussion with your agent if you think any of your insurance policies need updating.

! Tip: If you have life insurance, check if your insurance beneficiary information is up-to-date. You wouldn't want a new dependent to be excluded simply because your policy wasn't updated!

4 Will/estate plan. If you were to suddenly pass away, do you have a will or estate plan that would address your current family and financial situation? As jobs change, children are born, marriages take place and other life events occur, your will or estate plan should change accordingly. You may not need to make changes every year, but quickly looking over the details never hurts.

! Tip: Don't forget that most investment accounts, including IRAs and 401(k)s, have designated beneficiaries that should also be reviewed whenever you're updating your will or estate plan.

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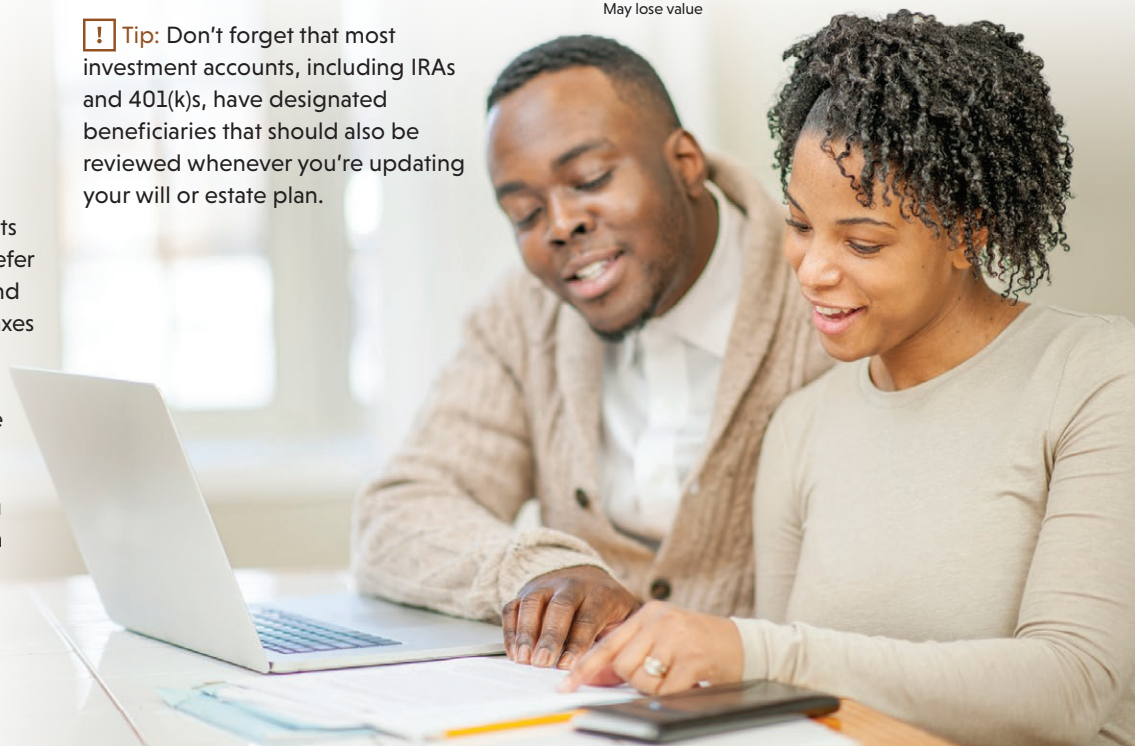
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You don't need to review your finances on your own. Get professional assistance by meeting with one of Ameriprise Financial's investment professionals. Learn more about our services and how to schedule an appointment at **www.HHFCU.org**.

Please note that this financial institution does not give tax or legal advice. Consult your tax advisor regarding your individual circumstances.

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Annual Board Elections

The nominating committee reports to the Secretary of the Board of Directors that four individuals are seeking re-election to the Board of Directors, including Gerard Amoroso, Sandra Gerow, Kent Hottinger, and William Wiseman. All are up for three-year terms.

In addition to the candidates nominated, a member age 18 or older may petition for a position on the 2018 election ballot. If you would like to be nominated for the Board of Directors, please submit to the Secretary of the Board a petition (including a statement of qualification and biographical data) signed by at least 1% of the total membership on or before February 28th, 2018. No nominations will be permitted from the floor at the Annual Meeting. Additionally, when the number of nominees equals the number of positions to be filled, the election will not be conducted by ballot.

If petitions are received, elections will be determined by a plurality vote by printed ballot, and will take place on April 25th through the 27th between 9:00AM and 5:00PM at the credit union offices located at 2 Corwin Court in Newburgh and 25 Rykowski Lane in Middletown. Members may also vote at the Annual Meeting. If no petitions are received, the secretary will cast one vote for Gerard Amoroso, Sandra Gerow, Kent Hottinger, and William Wiseman for three-year terms.

Hudson Heritage Federal Credit Union's 78th Annual Meeting will be held on Wednesday, May 23rd, 2018. Please look for further details in our spring newsletter!



Thank You!

We brought all of the food donated during our Veterans Food Drive to Castle Point VA Hospital, just in time for Veterans Day! Thanks to our generous members and dedicated staff, we were able to donate over 100 full bags of food, totalling approximately 1,000 lbs of food! This is a great cause and we are ecstatic that our members helped us make such a big difference in the lives of the Veterans at Castle Point VA Hospital. We're looking forward to participating in the food drive again next year!

Preparing Your Portfolio for Retirement

Think about this analogy: When an airplane is preparing to land, it doesn't descend 30,000 feet in a matter of seconds. Rather, it happens gradually. The pilot adjusts to the landscape and weather conditions to assure a soft landing. In the years leading up to retirement, you should begin to treat your investment portfolio in a similar manner. Prepare ahead of time to protect your assets and adjust as dictated by market and economic conditions to help assure a soft landing in retirement.

Adjusting your portfolio means taking steps to "downshift" as retirement nears, reducing some of the risks that may exist in your asset mix. While you were focused on building wealth in the years you accumulated savings for retirement, your focus should change as you approach the end of your working years. It's important to protect the wealth you've worked hard to build and position your portfolio to generate your retirement paycheck.

Dealing with Unpredictability

Money invested in assets that vary in value, including stocks and bonds, is subject to periodic fluctuations. In prior years, you may have had time to ride out any market turbulence and overcome short-term losses once markets recovered. If you wait until retirement to adjust your portfolio, you may be surprised by an untimely market downturn. This unpredictability could result in a "hard landing" for your portfolio, leaving you with less money in retirement as compared to your plans.

For example, a couple with \$1,000,000 saved for retirement may plan to withdraw \$40,000 each year from that account, (assuming they withdraw 4 percent of the principal value annually to sustain 25 years in retirement). If the money was all invested in stocks and the portfolio sustained a 25 percent decline just prior to retirement, the value would drop to \$750,000, leaving the couple with \$30,000 a year. By contrast, if they positioned the portfolio more strategically prior to retirement, they may have protected themselves, at least in part, from the market's downturn.



A Gradual Process

The process of shifting from accumulating wealth to an income-generation focus in your portfolio should happen over time. One approach is to gradually reduce your positions in assets that are subject to greater market volatility in the years leading up to retirement. For example, that may mean reducing your portfolio's exposure to stocks while increasing positions in fixed income investments.

However, not all your money needs to be moved out of stocks, even in retirement. Equities historically have offered more growth potential than many other types of investments. Given today's long life expectancies, you want to be prepared for the likelihood that living costs will be higher 20 or 30 years from the time you begin retirement. For this reason, stocks may still make sense for your situation. You may want to reduce your emphasis on investments that seek to maximize capital appreciation and emphasize stocks that tend to be less volatile and pay competitive dividends.

Other strategies may come into play too, such as annuities that provide lifetime income in retirement, or alternative investments that can diversify your portfolio. A financial advisor can help you determine a strategy that suits your specific circumstances as you prepare for a smooth retirement landing.

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MARK KALISH, CFP®, APMA®, CLTC is a Private Wealth Advisor with Ameriprise Financial Services, Inc. in Goshen, NY. He specializes in fee-based financial planning and asset management strategies and has been in practice for 30 years. To contact him: 845.291.7000, 25 Main Street, Suite 3-2, Goshen, NY, www.ameripriseadvisors.com/mark.d.kalish.

Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon, and risk tolerance. Investment products are not federally or FDIC-insured, are not deposits or obligations of, or guaranteed by any financial institution and involve investment risks including possible loss of principal and fluctuation in value.

Neither Ameriprise Financial nor its affiliates or representatives may provide tax or legal advice. Consult your tax advisor or attorney regarding specific tax issues.

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Watch Out for Tax Scams

The Federal Trade Commission received 117,943 complaints about IRS imposters in 2016.*

Tax-related scams continue to evolve as criminals impersonate the IRS and try to trick taxpayers into making bogus payments or sharing personal information. As tax season gets underway, be alert to common scams so you can take action to protect yourself.

Robocall

You receive a recorded call claiming you're entitled to a large tax refund if you take action. **What to do:** Ignore the call; don't share personal or financial information with anyone who contacts you over the phone.

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6 Expenses to Include in Your Home-Buying Budget

When you buy a home, it's important to look beyond the sale price and mortgage payment to set your budget. First-time homebuyers are sometimes caught off guard by overlooked expenses, which can create an uncomfortable financial pinch. Be sure you consider these one-time and ongoing expenses:

1 Home inspection. Before you close on your home, you'll want to have it thoroughly inspected by a professional. Your lender may even require it. For a few hundred dollars, an inspection can uncover potential trouble such as structural problems or asbestos. If problems are found, you may need to pay another expert to provide an assessment. A good inspector can also tell you what to expect in terms of maintenance later on.

2 Home maintenance. Experts recommend setting aside 1 to 3 percent of the home's purchase price for annual maintenance.* You may need to buy lawn care equipment or replace the roof, furnace or water heater. Planning for maintenance now can save you the headache of scrambling to pay for a new floor, new pipes, or new appliance a few years down the road.

3 Taxes and insurance. Property taxes and homeowners insurance aren't always included in mortgage payment calculators. Costs vary widely depending on the value of your home and its location, but taxes and insurance together can easily total a few hundred dollars a month.

4 Extra cash at closing. Your lender should give you a detailed estimate of closing costs. But beyond those, you may have to pay additional expenses, such as a prorated portion of property taxes or homeowners association fees that the seller has already paid.

5 The move. Whether you hire professional movers for a few thousand dollars or rent a truck, buy boxes and recruit friends to help, moving costs money. It's important that you budget accordingly to prevent the moving process from crushing your savings.

6 Settling in. You may have to pay utility connection fees when you move in, plus utility costs may be higher than you were used to as a renter or in a smaller home. You'll probably want to replace the locks on all the doors. And you may need new window coverings, rugs and furniture.

Find the Right Mortgage

The experienced mortgage specialists at Hudson Heritage Federal Credit Union can help you understand the true costs of homeownership so you don't encounter any unpleasant surprises. We'll help you find the right mortgage for your circumstances and budget. Contact a mortgage professional at **845.561.5607** or visit **www.HHFCU.org**.

* Source: HGTV.

We are here to help
because member
financial well-being
is a top priority.



President's Message Winter 2018

Happy New Year!

At Hudson Heritage, the New Year means more than just hanging up a new calendar or making New Year's resolutions that typically don't come to pass. The New Year is a marker or milestone that can provide an opportunity to reflect on what was accomplished in the past year and the opportunities that lie ahead to further improve and grow. Every year is full of potential not only for us to expand and grow as an organization, but to also reach out to those who need financial education and/or support in our community.

Our mission is to promote individual financial well-being so people may reach their fullest potential in life. We will provide the necessary tools, resources and opportunities for learning to make possible the achievement of people's hopes and dreams. Hudson Heritage is different. While we can only provide opportunities for individual growth and improvement, the actual work of making the necessary changes is up to the individual. We are here to help because member financial well-being is a top priority.

Providing our expertise, products and education opportunities to an entirely new population of community members who may not have yet had the opportunity to work with a credit union is the main reason we expanded our community charter in the fall of 2017. These communities now include those who live, work, worship, volunteer, or go to school and business and other legal entities in Rockland County, NY; Pike County, PA; and Sussex County, NJ.

A powerful quote I believe encapsulates the opportunity each New Year and dare I say each day presents can be summed up as: "We are always one decision away from being a totally different person/organization," – Mel Robbins. While this might seem intuitive and "common-sense," it is profound in that how many of us truly have the mindset and take the time to think about the decisions we make each day in such a provocative way.

In the year ahead, we will continue to work hard to support our community and grow for the benefit of our members. We are confident 2018 will be a year full of advancements and positive changes that make banking with us easier.

A handwritten signature in dark ink, reading "Michael J. Ciriello".

Michael J. Ciriello
President/CEO, Hudson Heritage Federal Credit Union

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Tax Collection Scam

A caller demands payment for taxes you owe and threatens to have you arrested or your driver's license revoked if payment is not supplied. **What to do:** Hang up and call the IRS directly to see if there really is a payment issue.

Phishing Email

You open an email with "urgent updates needed" from the IRS. There's a link intended to lure you to a phony website where you're

asked to enter personal information.

What to do: Do not share your information or click any links; forward any suspicious emails to phishing@irs.gov.

Malware Attack

You receive an email from someone who claims to be a tax preparer with an "important tax form" attached. If you download the file, your computer could be infected with a malicious virus designed to steal your information. **What to do:** Don't open attachments if you don't know the sender or you didn't request the information.

Identity Theft/Refund Fraud

You get a letter from the IRS indicating that you filed two tax returns. This is a red flag for identity theft – someone may have stolen your Social Security number and used it to file a fraudulent tax return. **What to do:** Immediately contact the IRS Identity Protection Specialized Unit at **800.908.4490**.

Remember: The IRS does not initiate contact with taxpayers via email, text messages or social media to request personal or financial information.

* Source: Federal Trade Commission, Jan. 30, 2017.

BOARD OF DIRECTORS

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Kenneth Affeldt

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William Wiseman Jr.

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Thomas Eltz Sr.

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VP of Security

Warren Barnett

Branch Hours, Locations & ATMs

BRANCH HOURS

MONDAY - WEDNESDAY 8:30AM - 5:00PM
THURSDAY - FRIDAY 8:30AM - 6:00PM
SATURDAY 9:00AM - 2:00PM

CENTRAL VALLEY

273 Rt. 32 Central Valley, NY 10917
24 HOUR ATM

GOSHEN

117 Grand Street
24 HOUR ATM

MATAMORAS

111 Hulst Drive, Matamoras, PA 18336
24 HOUR ATM
NOW OPEN SATURDAYS!

MIDDLETOWN

25 Rykowski Lane
24 HOUR ATMs

161-5 Dolson Avenue
24 HOUR DRIVE-UP ATM

357 E. Main Street
24 HOUR ATM

MONTGOMERY

17 Walnut Street
24 HOUR DRIVE-UP ATM

NEWBURGH

2 Corwin Court
24 HOUR DRIVE-UP ATM

NEW PALTZ

234 Main Street, Suite 6B
24 HOUR ATM

SUNY New Paltz Campus - Lower Level of Haggerty Administration Building, 1 Hawk Drive

MONDAY, WEDNESDAY, & FRIDAY 9:00AM - 4:00PM
LUNCH CLOSING 11:00AM - 11:45AM
CLOSED TUESDAY, THURSDAY, & SATURDAY
ATM Located in Student Union Building, available during open building hours

PINE BUSH

36 Boniface Drive
24 HOUR ATMs

WASHINGTONVILLE

131 East Main Street
24 HOUR ATM

MEMBER SERVICE CENTER HOURS

MONDAY - WEDNESDAY 8:30AM - 5:00PM
THURSDAY - FRIDAY 8:30AM - 6:00PM
SATURDAY 9:00AM - 2:00PM



Over 30,000 surcharge-free ATMs.
Visit our website for ATM locators.

HOLIDAY CLOSINGS

Martin Luther King Jr. Day - January 15th
Presidents Day - February 19th