



ON THE MONEY

Be the Leader of Your Financial Future

A Letter from the President & CEO

Hidden Savings: Commonly Overlooked Tax Deductions

Tax filing deadlines are quickly approaching. If you haven't filed yet, take this opportunity to explore overlooked deductions that can help lower your tax bill. While most people are aware of popular deductions like mortgage interest and charitable contributions, there are several lesser-known categories that can help you save.

Child and Dependent Care

Did you pay for childcare while working or job hunting? If so, you likely meet the criteria. Typically, your child must be 12 or younger and considered your dependent. This credit also applies if you're paying someone to care for a spouse or dependent (irrespective of their age) if they are incapable of self-care. In most instances, you'll need to acquire the care provider's social security number or taxpayer identification number and include it on your return.

State Sales Tax

If you live in a state without income tax, or if you've made significant purchases like a vehicle or boat, you may be able to deduct state sales tax on your federal return. This can be especially advantageous for residents of states like Texas or Florida, where there is no state income tax, but substantial sales tax may be incurred on large purchases.

Medical Expenses & Health Savings Accounts (HSAs)

Besides the obvious healthcare costs, travel expenses to and from appointments, medically justified home improvements and even some alternative treatments may be deductible. Contributions made to your HSA are also eligible for tax deductions. Not only do the funds in your account grow tax-free when used for qualified health care expenses, but your contributions can also help lower your overall tax liability.

Home Office

The IRS allows taxpayers to claim a portion of their home-related expenses, such as mortgage interest, property taxes, utilities, and even a percentage of rent. The deduction is calculated based on the percentage of the home used for business, offering a practical way for self-employed individuals and remote workers to recoup some of the expenses incurred while conducting business from the comfort of their homes.

Educational Expenses

Whether you're enhancing your skills for your current job or investing in a new career path, some educational deductions can maximize your tax savings and help ease the financial strain. The Lifetime Learning Credit and the American Opportunity Credit are two valuable options. These credits cover qualified education expenses, including tuition, fees, and course materials.

To find out about the tax resources offered at Orlando Credit Union, visit OrlandoCreditUnion.org or call us at **407.835.3500** to speak to one of our representatives.

We thank GreenPath for much of the research data included herein. For an extended version of this article or for more financial advice, visit our partners at Greenpath.com/OrlandoCU.

We thank you for your membership and hope you find this information useful.



Suzanne Weinstein
President & CEO

Save the date for our annual meeting!

AT 5:00 PM | THURSDAY, APRIL 18TH, 2024

Orlando Credit Union will be conducting its **88th Annual Meeting** virtually or in-person. Please join members of the Orlando Credit Union Board of Directors on Thursday, April 18, 2024, at 5:00 PM EDT. Join us for a review of the credit union's success in 2023 and hear about all the exciting things coming in 2024.



If you are attending the annual meeting in-person, please call 407.835.3521 to register. Visit OrlandoCreditUnion.org for more information or to register.



ORLANDO CREDIT UNION'S VISA SMART CREDIT CARD

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What to Know About Adjustable-Rate Mortgages for First Time Home Buyers

Will 2024 be the year you buy a home? If you're anxious about affordability, you're not alone. Sellers are struggling to sell and mortgage rates have reached 8% for the first time since 2000. Real estate economists predict rates will drop slightly in 2024, but not enough for real relief. One option gaining traction: Adjustable-rate mortgages. While not without its risks, ARMs can provide relief in a few different ways.

What is an Adjustable-Rate Mortgage?

An adjustable-rate mortgage (ARM) is a home loan with a variable interest rate. With an ARM, the initial interest rate is fixed for a set period. After that, the rate on the outstanding balance resets periodically, at yearly or monthly intervals. For example: a 5/1 ARM has a fixed rate for five years and then resets every year after that. A 5/6 ARM is fixed for five years and resets every six months.

Initial Affordability and Lower Interest Rates

The initial lower interest rate of ARMs can provide you with a more affordable entry point into homeownership. In a housing market where prices have surged locking in a lower interest rate at the outset can lower your monthly mortgage payments, making your dream of owning a home more achievable.

Short-Term Security and Flexibility

ARMs offer short-term security and flexibility if you know you won't be in the home for more than a few years or if you anticipate changes in income, job location, or household size. If your earnings increase in 2024, you can pay down the principal or refinance to a fixed-rate mortgage. Alternatively, if you experience a loss of income or are growing your family, the initial lower payments of an ARM provide breathing room.

Interest Rate Caps

As mentioned above, ARMs are not risk-free. During the foreclosure crisis for instance, buyers locked in low rates that then reset and caused monthly payments to balloon beyond what they could afford to pay. Today, tighter regulations and increased transparency have mitigated some of that risk. Interest rate caps limit the extent to which rates can increase during specific periods, providing you some predictability and protection against drastic rate hikes.

Larger Loan Qualification

With lower initial interest rates, ARMs can allow you to qualify for larger loan amounts compared to fixed-rate mortgages. This can be advantageous if you're looking to purchase a larger home or secure a move-in ready property in an area where the housing market is competitive.

Get Connected

While ARMs offer a compelling alternative for those who value flexibility, short-term stability, and potential savings, it's important to connect with your financial organization or a certified housing counselor who can answer questions, help you explore down payment assistance programs, and determine whether an ARM is right for you.

This article is shared by our partners at GreenPath Financial Wellness, a trusted national non-profit.

The process of buying your first home can be intimidating, but we're here with you every step of the way.



Join our industry experts at a FREE seminar as we discuss topics such as:

- Setting financial goals.
- Understanding your credit score.
- Learning what resources Orlando Credit Union offers to help you become a homeowner.

THURSDAY, APRIL 11, 2024 | TIME: 6:00 PM - 7:00 PM

LOCATION: VALENCIA COLLEGE (OSCEOLA CAMPUS)

SATURDAY, AUGUST 17, 2024 | TIME: 10:00 AM - 11:00 AM

LOCATION: CLERMONT CITY CENTER

THURSDAY, OCTOBER 17, 2024 | TIME: 6:00 PM - 7:00 PM

LOCATION: MILLENIA BRANCH

Reserve Your Seat Today!

Visit OrlandoCreditUnion.org/hbseminars.

THE ORLANDO CREDIT UNION CHARITABLE FOUNDATION IS SPONSORING FIVE \$1,000 SCHOLARSHIPS THROUGH ITS 'GRACE CHEWNING SCHOLARSHIP FUND' THIS 2024.

Applications are being received through March 31st. For details on the applicant criteria visit orlandocreditunion.org/charitable-foundation today.

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**APY= Annual Percentage Yield as of 12/12/23. Minimum opening deposit is \$1,000. After the initial term, the certificate will automatically renew, earning the then current APY offered at the time of renewal. Rates subject to change without notice. Penalties apply for early withdrawals. Fees and penalties could reduce earnings.
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