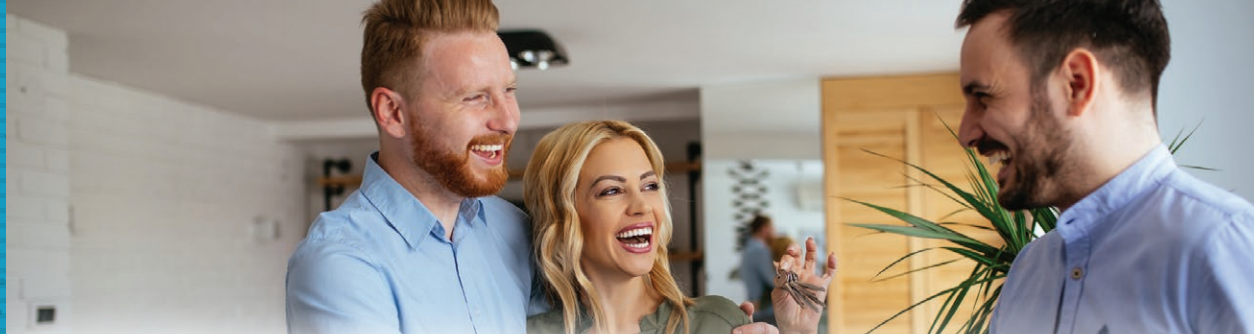
Fall 2019

Empowering Financial Success®



Student loans dragging you down?

How to buy a home — even with student loan debt

Students are graduating with a mountain of student loan debt — $28,650 on average, according to the Institute for College Access and Success. If your student loan debt looks anything like the national average, it can feel like a dark cloud hanging over your ability to buy a home. But student debt doesn't need to stand in your way. Here are some tips to help you on your path to homeownership:

Start with your credit score

Before doing anything else, get an idea of where you're starting financially. Request a credit report at **annualcreditreport.com** and also check your FICO® score. A low credit score and a credit report with missed payments or a lot of debt can make it difficult to qualify for a mortgage. You'll want a FICO score of at least 620, as most lenders require a minimum score of anywhere from 620 to 700.

Keep a low credit utilization

Check your credit limits from your credit cards and lines of credit — let's say they add up to $10,000. Then, look at how much you typically borrow at once from your credit — say it's about $4,000. That means your credit utilization is about 40%. However, lenders like to see a credit utilization below 30%. Spending less or making payments multiple times a month can help lower your utilization. You could also request a credit limit increase — just be sure to ask the lender if they require a hard pull on your credit, which can impact your credit score.

Lower your debt-to-income ratio

Your debt-to-income ratio (DTI) is a comparison of how much monthly debt you have compared to monthly pretax income and is expressed as a percentage. Lenders look at this ratio to see if you have enough income to pay for both your living expenses and debts. Most lenders look for a DTI of 36% or less when approving mortgages. To lower your DTI, you'll either need to earn more money or pay off debt.

Refinance student loans

Tackle the problem at its source by looking at refinancing options for your student loans. You may be able to reduce your monthly payment or lower your interest rate, freeing up money to spend on a mortgage. However, be sure you do this at least six months to a year before applying for a mortgage. Refinancing any loan generally results in a hit to your credit score.

Get preapproved before searching for homes

Getting preapproved for a mortgage allows you to shop with confidence and focus on a price range of homes you can afford. It also gives you an idea of what your monthly mortgage payments would be in different scenarios and how much money you'll need for a down payment. When lenders determine qualification, they generally look at your credit history, recent employment history, income, assets and tax returns.

Get help with your down payment

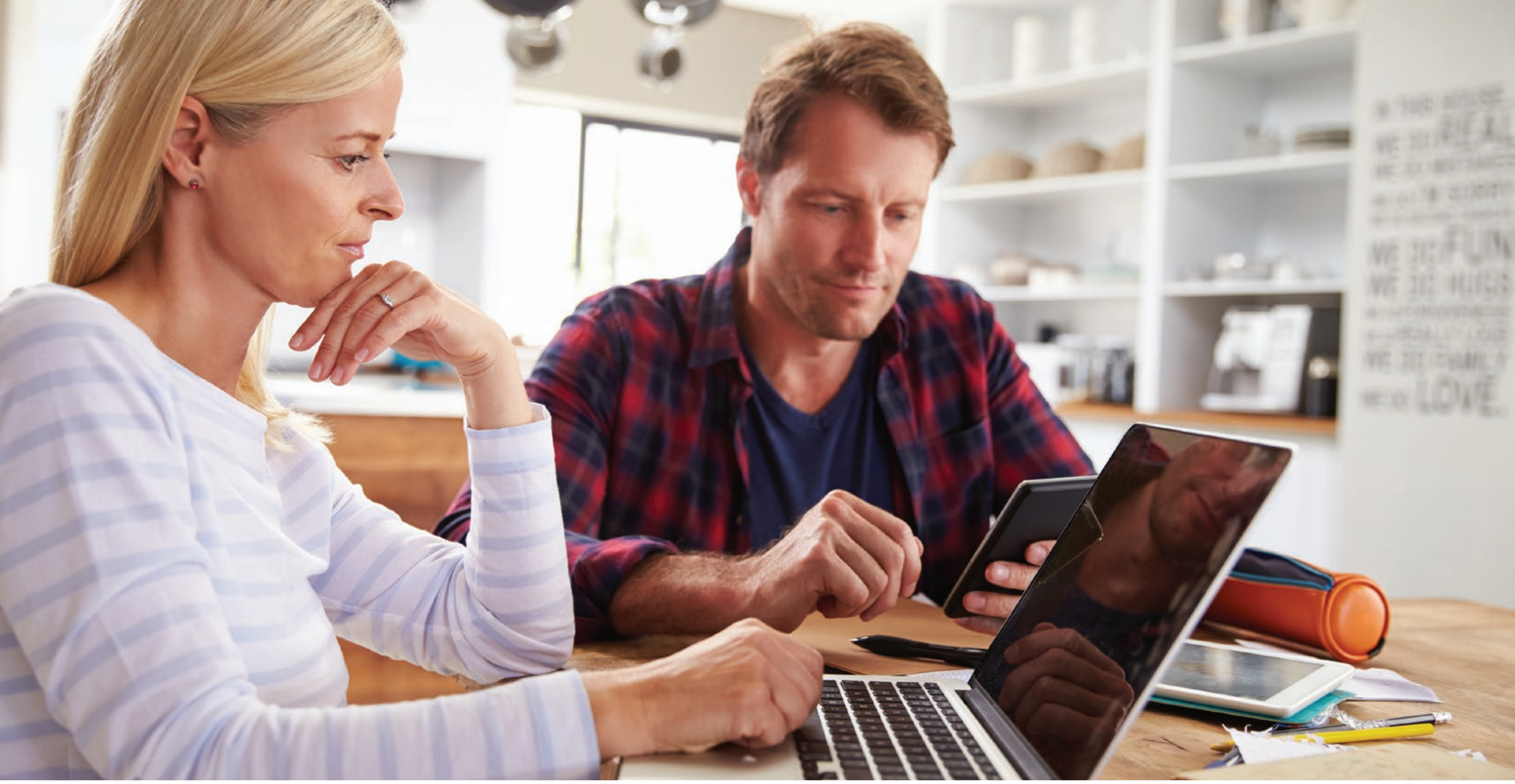
Saving for a down payment can be a significant hurdle, especially when you're making payments on student loans and other debts. Down payment assistance is available through a number of programs for those who qualify, including First Time Home Buyer Programs, FHA Home Loan Programs, USDA Loans for low- to moderate-income homebuyers in rural areas and VA Loans for U.S. veterans and service members. Also keep in mind that your down payment can come from a variety of sources, including gifts from family members.

Make it happen

Student loan debt doesn't need to be a barrier to homeownership. Make your dreams a reality with guidance from the experts at Corporate America Family Credit Union. Call **1-800-359-1939** or visit **www.cafcu.org/HomeLoans** to learn more.

EMPOWERING TIP

Are you thinking about how to pay for upcoming **holiday expenses?** A **Signature Loan** with CAFCU can help! This is a personal loan that can be used for gift shopping, holiday travel, paying down debt and much more! Learn more at **www.cafcu.org/SignatureLoans.**



Are you sabotaging your retirement savings?

These habits can hurt your ability to retire

Life can get in the way of even the best intentions when it comes to retirement planning. You graduate college or you go straight into your career and the bills start piling up. Next thing you know, you're buying a car or a house, starting a family, renovating your home and buying life insurance. Then all of a sudden, you realize you aren't 20 years old anymore, and you don't have a retirement plan in place. What happened?

If retirement seems far out of reach, it may simply take the changing of a few habits to get you on the right track.

Break your bad habits

1 | Procrastination. You might think you're too young to worry about retirement now. But when you put off saving, you miss out on the benefits of time and tax-deferred growth. Even if you don't have a lot to save, you can start small and increase the amount you save over time. If your retirement plan has an employer match, be sure to contribute enough to get the match.

2 | Living outside of your means. It's easy to get caught up in a lifestyle where you're buying things to keep up with everyone else — from clothes and furniture to vacations and vehicles. It's good to enjoy what you've earned, but not if you're jeopardizing your ability to retire comfortably in the future. You might decide to live on a smaller budget now so you can save more for the future.

3 | Putting your savings last. When there are so many other priorities in life, it's easy to skip saving for retirement. Instead, make saving a top priority. Set up automatic transfers from your paycheck so you don't forget to save. If you get a raise, add that to the deposit so you can increase your savings without feeling the pinch.

4 | Believing it's too late. As long as you're working, it's not too late for you to contribute to a retirement plan. Take advantage of your employer-sponsored retirement plan if offered, or open an IRA with Corporate America Family Credit Union. If you're age 50 or older, you may be eligible to make catch-up contributions to your retirement plan or IRA.

We can help you break these bad habits and build better ones. Call **1-800-359-1939** or visit **www.cafcu.org/IRA** and start planning for a brighter future today.

This financial institution does not give tax advice. Consult your tax advisor for information specific to your situation.

Focused on financial empowerment.

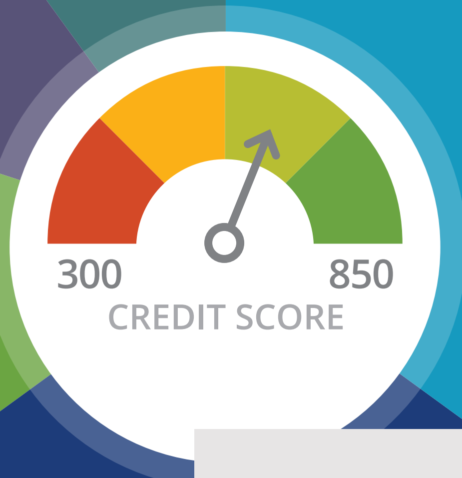
At CAFCU, we care about your financial wellness. That's why we've partnered with industry-leading BALANCE to provide you with free access to expertly crafted financial education and resources to help with your fiscal matters. Visit **www.cafcu.org/BALANCE** for more information.

Spread the good news! Tell your friends and family members about the benefits of becoming a member of CAFCU and encourage them to join at **www.cafcu.org/join**.

What's in a credit score?

Corporate America Family Credit Union has tools and resources to help you improve your credit and manage money wisely. Go to **www.cafcu.org/BALANCE** to learn more.

Your FICO® score is a number ranging from 300 to 850 that lenders use when evaluating your credit risk. A good credit score (700+) puts you in a better position to get loans and credit cards with lower rates. Here's a closer look at five factors that affect your credit score:



10%
types of credit
Managing multiple forms of credit (e.g., auto loans, student loans, credit cards) responsibly can boost your score.

10%
new credit
When you apply for a new credit card or loan, a hard inquiry into your credit history can ding your credit score.

35%
Payment history
Payments made on time raise your credit score, and late payments bring it down.

15%
length of credit history
A long history of making responsible loan payments helps your score.

30%
credit utilization
Credit utilization measures the debt you owe compared to the total credit you have available. Reducing your debt can help keep your credit utilization low.

5 easy steps to stop mindless spending

It can be easy to spend too much when it's just grabbing a few more things at the big-box retailer or one-click ordering online. Here are five strategies you can implement now to save you from yourself and your spendthrift ways!

1 Un-sync your credit card. Linking your credit card information to online retailers can make it way too easy to commit one-click ordering. Sure, it's a hassle to retype your credit card information every time you want to make a purchase, but it might just give you enough time to consider if you really need what you're buying.

2 Find a healthy hobby. Shopping with friends as a form of entertainment or to pass the time can quickly turn into an unhealthy habit. If you consider shopping "retail therapy" or recreation, you may want to find a hobby that doesn't involve spending.

3 Create — and stick to — a budget. Use a spreadsheet or online banking app to calculate your income and monthly bills. Then estimate how much you need to put into savings and how much you have left over for fun. If you need help, contact a financial planner.

4 Switch to cash. It's easy to overspend when you're paying with a credit card. Give yourself a weekly allowance of discretionary money that's within your budget. Put that cash in your wallet. When the paper runs out, you're done spending for the week.

5 Focus on frugality. Instead of choosing a four-star restaurant for dinner, host a potluck at your house. Instead of buying a $3 drink from your local coffee shop every day, invest in a coffee maker and travel mug. Think baby steps. And remember, making small changes can save you big bucks in the long term.

Need more help getting your budget under control? You can easily keep track of spending from anywhere by using Corporate America Family Credit Union's online and mobile banking app. Visit **www.cafcu.org/app** for more information and to download today!

Connect with us

Online
www.cafcu.org

Phone
1-800-359-1939

Visit **www.cafcu.org/rates** for current rates

eNewsletter
www.cafcu.org/newsletters

Holiday Closings

Veterans Day
Monday, November 11

Thanksgiving
Thursday, November 28
Friday, November 29

Christmas
Tuesday, December 24
Wednesday, December 25

New Year's Day
Wednesday, January 1, 2020

Get the CAFCU app!

Manage your CAFCU account anytime and from anywhere with our Mobile Banking App. Check account balances, transfer funds, deposit checks, apply for loans, pay bills and find ATMs nearby. It's easy! Visit **www.cafcu.org/app** to learn more.

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What level are you? The more involved you are with CAFCU, the higher your Member Loyalty Level and the greater the discounts on loans you can receive. Call our Member Center at **1-800-359-1939** or go to **www.cafcu.org/MemberLoyalty** to find out more.

Quiz: Find a credit card that's a perfect match!

When you're choosing a credit card to add to your wallet, you want one with features that match your lifestyle. Take our quiz to evaluate your spending and credit habits to help find the right card for you.

1. Do you ever carry a balance on your card?

- a No, I pay off the full amount every month.
- b Yes, I sometimes (or always) carry a balance on my card.
- c Yes, and I've had problems keeping up with minimum payments.

› Hint: If you generally carry a balance from month to month, you may want to look for a card with the lowest interest rate for which you qualify.

2. Are you looking for the lowest-rate card?

- a No, I'm not focused on interest rates because I don't carry credit card debt.
- b Yes, I would like to transfer my balance to a lower-rate card.
- c Yes, and I'm hoping to repair my credit so I qualify for better rates.

› Hint: Find out if you could benefit by transferring balances onto one low-rate card with no balance transfer fee.

3. What matters most to you when applying for a credit card?

- a A rewards program that gives me choices.
- b Low rates and fees.
- c An easy approval process.

› Hint: Check your credit score before you apply and learn more about ways to improve your credit.

4. How do you plan to use your card?

- a Everyday expenses, restaurants, online shopping, travel and more.
- b Big purchases (electronics, furniture, etc.) so I can spread out the payments.
- c For emergencies only when I'm running low on cash.

› Hint: Review your past spending so you can estimate how much you could earn with a credit card that earns cash back or travel rewards.

5. How do you feel about annual fees?

- a I might consider paying an annual fee if I could recoup the cost in rewards.
- b Annual fees are a deal-breaker for me.
- c It's easier to manage a credit card without worrying about annual fees.

› Hint: Review your credit card interest rates, fees and features periodically — and pay attention to any notifications you receive about changes to the cardholder agreement.

Your score

Mostly a's = Reward yourself!
Enjoy the perks of a credit card with rewards you can redeem for travel, gift cards, merchandise or cash back.

Mostly b's = Go for low rates.
Choose a low rate and balance transfer options to help you reduce the amount of interest you pay on your credit card balance.

Mostly c's = Rebuild your credit.
If you've had credit problems in the past, it's time for a fresh start. You can build or repair your credit with a secured credit card.

CAFCU offers a lineup of Visa® credit cards to match your needs. Call **1-800-359-1939** or visit **www.cafcu.org/visa** to learn more and apply today!