

Spring 2015

Empowering Financial Success



How to begin building a strong credit history

There are many reasons why having a strong credit history is important. It can affect everything from your ability to rent an apartment to getting a good job.

Payment history and credit score are two of the most important factors contributing to a positive, healthy credit record. Individuals who demonstrate personal responsibility by paying back the money they borrow — on time, every time — are typically rewarded with higher credit scores. A high credit score, in turn, shows lenders that you are worthy of trust for even more credit. (Scores range from 300 to 850, the higher the better.) And utilizing credit wisely opens the door to meeting your financial goals — both short- and long-term.

If you are just beginning to utilize credit, here are some tips for starting off on the right foot:

Use your credit card(s) wisely. It's true that you need to use credit to build credit and having a credit card is one way to start. But rather than using a credit card sporadically, consider charging small amounts regularly that you can afford to pay off every month. Also limit how many credit cards you apply for (two is a good number).

Avoid using all your available credit. Each credit card comes with a pre-established credit limit.

Don't top out your card by using all your available credit. It's too easy to go over your credit limit and potential lenders don't like to see maxed-out cards. Instead, use 10 percent to 30 percent of what's available to you.

Apply for a vehicle loan. Making affordable, monthly car payments is an excellent way to build a healthy payment history. A vehicle loan represents a different type of loan than a credit card. You are borrowing a fixed amount with a specific payment and repayment term. You may need a co-signer, such as a parent, for a vehicle loan. If you'd like to find out how much you qualify for, call us at **1-800-359-1939**, option 3.

Keep track of your credit. It's a smart idea to check your credit report at least once a year for possible errors. There are three main credit-reporting companies: TransUnion, Equifax and Experian, and you are allowed a free credit report from each every 12 months. You can check your credit reports at **www.annualcreditreport.com**.

A word to the wise

While you can recover from credit missteps — such as missing a payment or going over your credit limit — it can take up to seven years for your credit score to recover after a significant drop.

EMPOWERING TIP

Need more financial advice? Contact BALANCESM, a financial fitness counseling service offered at no cost to members of Corporate America Family Credit Union. Visit **www.caacu.org/balance** for more details.



College degrees still make the grade

With the rising costs of attending college, much debate has occurred in recent years about the value of a college education. Yet, a recent examination by the Federal Reserve Bank of New York found that over the past decade, the rate of return on a college degree has remained fairly consistent at around 15 percent.* This rate of return is the difference between wages for individuals who have a college degree versus those with only a high school diploma after accounting for the cost of college. This return rate remained steady for both bachelor's and associate degrees. The report found that despite changes in the economy, a college education continues to be a valuable asset in creating higher lifelong earnings. So how do you ensure your child is able to afford college once he or she is ready?

College saving strategies

While the advantage of a college degree is clear, the price of college continues to increase year-after-year, creating a challenge for many families. But, there are a number of ways, both traditional and creative, that you can use to help your child be financially prepared for college:

Open a college savings account for your child. Corporate America Family Credit Union (CAFCU) offers a variety of savings vehicles including Coverdell Education Savings Accounts (ESAs) and Youth Savings Accounts. Both types are a great way to invest in your child's education. These accounts allow anyone to contribute including parents, grandparents, other relatives or family friends. Which brings us to our next tip:

Suggest relatives contribute. Many people, including grandparents and other relatives, want to see your child succeed. Consider asking them to contribute to your child's savings in lieu of extravagant gifts during the holidays or for birthdays. While of course your child will enjoy some presents, think about giving smaller gifts and putting the difference into saving for their future.

Continue "paying" expenses you're used to. As your child grows, there will be a number of expenses that arise and eventually are no longer needed — such as money for diapers, baby-sitting or braces. Instead of forgetting about these costs once your child outgrows them, start putting that money toward your child's college savings.

Here for you and your child's future

Getting started on saving for your child's educational future doesn't have to be confusing or difficult. We can help you decide the right strategy for your family. To learn more about how we can help your child prepare for the rewards of a college degree, visit www.cafcu.org/savings. You can also open a savings account when you login to your account at www.cafcu.org.

* Source: Federal Reserve Bank of New York. www.newyorkfed.org.



Ready to hit the books? The CAFCU Smart Option Student Loan® by Sallie Mae® is an ideal solution to help bridge the gap between federal loans and the cost of your education. Visit www.cafcu.org/StudentLoan to learn more.

Quiz: Are you ready to make an offer?

After many long trips viewing homes with your real estate agent, you finally found the one. Your heart is ready to make the commitment — but is your head? Take this quiz to find out if you're ready to make an offer.

1 | Do you know what the comps (comparables) are?

- a. Yes, your real estate agent has shown you the sale prices of similar homes that have sold in the past six months — and yours is either the same price or lower.
- b. Yes, your real estate agent has shown you the sale prices of similar homes that have sold in the past six months — and yours is much higher than the others.

2 | Have you checked out the neighborhood?

- a. Yes, and you like what you see.
- b. Yes, and you're hopeful it will turn around once you move in.

3 | Have you discussed placing contingencies on your offer?

- a. Yes, your bid will be contingent upon a home inspection, appraisal and the seller fixing the leaky roof.
- b. No, you don't want to upset the seller.

Are you ready?

1. If you answered a, you and your agent have looked at all the information and determined that the home you like is being offered at a fair price. That's a sign that you're ready to make a bid.
2. Talk to neighbors and visit the home at different times of day to get a feel for the neighborhood before making a bid. You should like the neighborhood you're buying into, so if you answered a, you're in good shape.
3. Placing contingencies in your offer, such as it being conditional on repairs or a home inspection, will protect you from buying trouble. If you answered a, you may be ready to buy.

First things first!

Before you can get serious about your home search, you'll need to find out how much home you're approved for. Apply online today at www.cafcu.org or visit www.cafcu.org/mortgages.





Online
www.cafcu.org



Phone
1-800-359-1939



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



eNewsletter
www.cafcu.org/newsletters

Holiday Closings

Memorial Day
Monday, May 25

Independence Day
Friday, July 3

Labor Day
Monday, September 7

Refer us!

Share the benefits of credit union membership with your friends, family and co-workers! Complete our simple referral form today!

www.cafcu.org/referral



Federally insured by NCUA.

This publication does not constitute legal, accounting or other professional advice. Although it is intended to be accurate, neither the publisher nor any other party assumes liability for loss or damage due to reliance on this material. Websites not belonging to this organization are provided for information only. No endorsements implied. Images may be from one or more of these sources: ©iStock, ©Fotolia. ©2015 Bluespire Marketing | bluespiremarketing.com

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** to find out more.



Get a great deal on a used car

If you're in the market for a car, you might want to consider one that's new to you, but not brand new. Buying a 2- or 3-year-old vehicle may be more affordable than buying off the showroom floor in the long run.* Ownership costs such as insurance and taxes are generally lower than those for a new car.

It pays to be cautious, though. Used vehicles may not come with a warranty and their condition largely depends on how they were driven and maintained by previous owners. You'll want to be thorough in your research of a used vehicle in order to avoid costly surprises.

Find the one that's right for you

Answering a few questions will help you narrow your search until you find the right vehicle for you.

What do you need? Make a list of features you consider necessities and a separate list of items you would like to have. These might include good fuel economy, ample cargo space, safety, sunroof, reliability, high resale value, etc.

What's the vehicle's history? Learn as much as you can about past owners, use and maintenance. Use the vehicle identification number (VIN) to investigate whether the car has been damaged in a flood or a crash. Carfax® (www.carfax.com) offers vehicle history reports. You can also check the National Motor Vehicle Title Information System (www.vehiclehistory.gov).

What's the best value? The AskAuto® app (www.cafcu.org/AskAuto) gives you the average retail cost and EPA mileage estimates on cars you like with just a VIN scan. You can compare, rank and save notes on vehicles you might want to buy and learn which loans might work best for you. You can even apply for a Corporate America Family Credit Union (CAFCU) loan on the spot, all within the AskAuto® app on your smartphone.

Will a qualified mechanic sign off on it? Have the vehicle inspected by a professional mechanic. Be sure the mechanic checks the vehicle's frame, tires, airbags, undercarriage and engine.

Does it fit comfortably into your budget? A vehicle loan from CAFCU can help get you in the driver's seat of the vehicle you choose. Our competitive interest rates and loans in a variety of terms can make buying your new wheels affordable. Apply online, through our AskAuto app, or call us at **1-800-359-1939, option 3**. To learn more about our vehicle loan options, visit us at www.cafcu.org/vehicle.

* Source: www.ConsumerReports.org.