Arundel Federal Savings Bank Monthly Newsletter

Volume Issue • April 2020

In This Issue:

Arundel Federal welcomes John Marzullo

Meet the newest member of the Arundel Federal team

John Marzullo joined Arundel Federal in February 2020 as the Senior Vice President and Chief Financial Officer. His primary responsibilities include accounting, budget and audit oversight; financial risk management; working with senior management to implement strategic planning; overview of monthly and quarterly financial and regulatory reporting; and managing the bank's investment portfolio. His fine-tuned conservative approach is well aligned with Arundel Federal Savings Bank.

He graduated with honors (Magna Cum Laude) from Towson University, receiving a bachelor's degree in finance in 1994 and a bachelor's degree in accounting in 1996. He is an active member of the Maryland Association of CPAs and the American Institute of CPAs, which allows him to stay at the forefront of accounting and banking trends.

He's a married father of three children residing in Harford County, and a life-long soccer player.

We're Here to Help You

Stronger together, working together

While we all adjust to our new normal due to the Coronavirus, we realize community is more important than ever.

Because banking is considered an essential business, we remain open and available for our customers. Corporate and lending offices continue to operate in support of our branches, customers and staff. We are prepared and committed to provide uninterrupted services.

Branches: We are operating our branches primarily through drive-thru windows and allowing in-branch transactions (Safe Deposit Box access, Account Openings/Closings) by appointment on a limited basis as deemed necessary by the staff. Contact a branch.

Drive-thru Windows: The Branch drive-thru windows are open for business Monday – Thursday from 9am to 3:00pm; Fridays (except Brooklyn) from 9am to 6pm; and select branch locations on Saturday from 9am – 12pm. All branches have ATM's. And all but Brooklyn have a Night Depository.

Financial concerns: As a dedicated banking partner for our community and customers, if you are experiencing financial hardship due to COVID-19 regarding your mortgage, home equity loan or auto loan, please contact our Loan Servicing Department at LoanServicing@ArundelFederal.com. A representative will reply within 24 hours of receipt of your request and we will work together as we navigate this unfortunate situation.

Make life a little easier: Online banking, mobile banking with mobile deposit and ATMs are available 24 hours a day, seven days a week. We strongly encourage customers to utilize these tools whenever possible:

- Use Online Banking and Mobile Banking for your everyday banking needs such as check your balance, transfer money, or pay your bills. If you are not currently enrolled in Online Banking, please click here to enroll today.
- Try Mobile Deposit: Deposit checks using Arundel Federal's Mobile Banking App available in both the App Store and Google Play. Our Mobile Banking App will allow you to deposit checks right from your smartphone or tablet without needing a trip to the bank.
- Put down the plastic: Start utilizing banking features such as Tap & Pay with Mobile Wallet whenever possible to limit your interaction with cash, transaction pads and plastic cards.
- Most accounts such as Certificates of Deposit, Checking accounts and Mortgage loans can all be opened online.
- Call our 24-hour Bank by Phone BankLine at 888-225-4417 to check balances, view activity and transfer funds.

Like you, we are in it for the long run and committed to serving our neighbors. Arundel Federal was founded in 1906, which means we made it through WWI & WWII, 1918 Spanish Flu pandemic, The Great Depression, and other trying times. We are steadfast, just like our customers, and together, we will make it through this!!

Stay well.

Personal Loans vs. Credit Cards

Choose the right type of credit for your financial needs

If you're in need of funds for a major purchase, an unexpected bill or smaller expenses, the two most common solutions are taking out a personal loan or putting the amount on a credit card. However, it's important to choose carefully based on your financial situation, as these tools offer dramatically different advantages and drawbacks.

Advantages of personal loans

Taking out a personal loan from a financial institution comes with numerous advantages. Perhaps most importantly, personal loans provide a strong degree of predictability and stability. When you accept the loan, you should expect to pay the same amount each month at the same interest rate. You'll also know exactly how long it should take to pay off the loan. This makes for a major advantage over credit card debt, which can be stretched out indefinitely with minimum payments — costing you significantly more in interest over time.

A personal loan can be a powerful financial tool. If you have strong credit, not only do you lock in a steady interest rate, but that rate is also likely to be lower than what you'd get from a credit card. This makes a personal loan a less expensive option for a large purchase or series of expenditures that you'd prefer to pay off over a longer period of time. It's also a helpful way to consolidate credit card debt at a lower interest rate.

Once you've been approved for a personal loan, you'll typically receive the money all at once to spend however you see fit (an exception to this is if you take out a secured loan for a specific purpose, like purchasing a home or a car). Writing for The Balance, Justin Pritchard notes that a personal loan can be especially convenient if you want to pay cash for something — unlike credit cards, which usually charge a fee.

Advantages of credit cards

Although credit cards tend to be a riskier and less predictable form of debt, they do hold some advantages. Instead of providing you with a specific, one-time amount of money, a credit card gives you flexible access to what's known as revolving credit — a balance that you can draw on at any time within your credit limit. That means you won't need to apply for a new loan each time you want to make a purchase, which can be helpful if you require funds immediately. And even if you don't use your card at all, the balance is there if you need it.

Per Amrita Jayakumar and Steve Nicastro of NerdWallet, with their ease of use and flexible terms, credit cards are especially convenient for online shopping or for routine expenditures like gas and groceries — provided you pay the full balance each month. Depending on the card you apply for, you might even be able to get cash back, reward points for certain purchases, or an introductory 0% interest rate. Make sure you prioritize paying what you owe in a timely manner, though, as these types of purchases can pile up quickly and leave you with a large balance that exposes you to heavy interest charges.

If you need to make a large purchase or borrow a large sum that you can pay off steadily over time, a personal loan from a financial institution is likely to be your best bet. If you'd prefer a versatile line of credit for smaller purchases that you can pay off quickly, consider applying for a credit card. With both options, make sure you understand the terms of the debt you're taking on so you can make a decision that's wise for your financial health.

How to Collect Social Security

Social Security benefits 101

Designed to help support you after you've stopped working (a minimum of 10 years) and complement your savings account and other investments, Social Security is based on the taxes you've paid on the money you've earned in your lifetime. Here are some basics about this much-needed asset for your Golden Years.

Who benefits?

Social Security is synonymous with retirement, but it can also benefit those far from retirement age. According to the Social Security Administration, a person connected by marriage or blood to someone receiving benefits can obtain benefits. People with disabilities can apply for Social Security benefits, and an ex-spouse, child, current spouse or dependent parent of a deceased worker who received benefits can be supported by Social Security, as well.

Calculating age of retirement

Although you can rightfully collect Social Security benefits when you blow out 62 candles on your birthday cake, you'll be sacrificing your bottom line. If you want access to your full Social Security benefits, patience is essential.

For 2019, the "Full retirement age is 67 for those born in 1960 or later. If you were born in 1937 or earlier, your full retirement age is 65. The FRA rises two months every year after that until it caps out at age 67," reports Bankrate writer Libby Wells. "If you wait until your full retirement age, you can collect 100 percent of your benefit."

If you're able to postpone benefits collection past your FRA, your benefit percentage continues to increase, she adds. Social Security eligibility doesn't mean you have to stop working, either, according to the SSA.

Applying for benefits

There are a lot of people seeking benefits from the SSA, so it's imperative that you plan ahead if you want your benefits to appear when you need them. Take a look at the calendar and pinpoint the month you want your benefits to start, move back approximately four months and write a note to contact the SSA.

"To file for disability or survivors benefits, you should apply as soon as you're eligible," advises the SSA.

When applying, be sure to check the SSA's website for the list of required documents. Documents may include your birth certificate, Social Security card or evidence of your number, military records if applicable, a tax return or W-2 form and proof of lawful immigration status or U.S. Citizenship. Other paperwork such as a marriage certificate or spouse's birth certificate is required if applying as or for a dependent. Depending on what benefits you're seeking will determine the necessary paperwork, and since photocopies are not acceptable, you should build in extra time to your application process to acquire the certified copies or original copies of the documents you need. If you're having trouble getting any of the required documents, you can still start your application — a representative from the SSA can help you obtain hard-to-get paperwork.

Paying taxes on benefits

If you earn more than $25,000 a year and file an "individual" tax return, the SSA insists you pay taxes on the benefits you receive from Social Security. Taxes will be applicable if the income between you and your spouse is more than $32,000, adds the agency, and you file your return jointly.

The benefits you receive from Social Security can help make your retirement more financially stable for you and your loved ones.

Using a CD to Teach Your Children about Finances

Teach your kids about saving money with a CD

Money management is a complicated subject even adults have trouble mastering. So, it's understandable that the prospect of teaching your kids about money might not be your favorite parental to-do. Start simply with a certificate of deposit to teach your kids the fundamentals of saving money.

Set up an account

A field trip to a financial institution is in order. There, you can speak with an account specialist who will walk you and your child through the process of opening a certificate of deposit or other savings account. Seeing his name on the account will provide your child with a sense of ownership over his money and incentivize his willingness to make regular deposits.

"Explain how compounding interest works, what an annual percentage yield for savings is and how to compare APYs for different savings accounts," advises Rebecca Lake on The Balance.

A joint savings account provides a safe training ground for your kid to learn about finances; the fundamental lessons he learns about saving with you will serve him well when it's time for his own account, according to NerdWallet writer Tony Armstrong.

Establish expectations

Telling your child to save money is too general of a statement. You need to help him implement a savings practice. If he receives money for his birthday or a holiday or earns an allowance from doing chores around the house or money from a part-time job, he should put a portion of his cash in his savings account. This regular practice will help his bottom line grow and establish good money habits.

Give your child goals

Saving for the sake of saving won't exactly excite your child about managing money. Working toward the purchase of a new toy, game or activity, though, will make him feel that his savings efforts are worth it and teach him a valuable life lesson — good things come to those who wait (and work hard).

"If they know what it is they want to save for, help them break down their goals into manageable bites," Lake writes on Investopedia. "For example, if they want to buy a $50 video game and they get a $10 allowance each week, help them figure out how long it will take to reach that goal, based on their savings rate."

Keep it top of mind

Just as your child grows, his comprehension about money will, too. Keep the money lessons ongoing, altering them to align with your child's age, ability and interests, Lake advises on The Balance. By establishing open communication about money, saving and investing (when the time is right) with your child, you'll help him master his future financial independence.

Save by example

You are your child's first and constant teacher — there's no better way to teach then by setting a financially-sound example.

"Getting your emergency fund in shape, opening a 529 savings account, or simply increasing your 401(k) plan contributions are all steps that you can take to encourage saving as a family activity," writes Lake on Investopedia.

Start the money conversation early and keep it consistent to help your child learn to be a saver and a lifelong money-management master.

Specialized Pet Insurance

How you can get your pet insured and what it will cover

You love your pet like they were a member of your family, so it stands to reason that you'd want to protect them as much as you could. As you'd protect your own health and the interests of your family with insurance, you may want to consider insuring your pet. Covering your pet for everything from vaccinations to breeding, insurance can be a worthwhile investment.

How easy is it to get your pet insured?

You'll find that there are several providers through whom you can get your pet insured, which means you should have no trouble shopping around for the best fit just as you would for any other kind of insurance. Janet Hunt writes for The Balance that Pet Assure, Figo, Healthy Paws, Embrace and Petplan are among the leading providers specializing in pet insurance, meaning you'll have at least a half-dozen different providers to consider in your search.

Like auto, life or homeowners insurance policies, you'll find that some offer unique advantages — Figo, for example, offers a plan with no co-pay or deductible for life-saving care, while Healthy Paws offers an Unlimited Lifetime plan that provides unlimited benefits once your deductible has been met. Another provider to consider is the ASPCA, whose Complete Coverage plan covers accidents, illnesses and even things like prescription foods and microchip implantation.

Major insurance providers like Geico and Nationwide also offer insurance for pets, which is especially convenient if they're your provider for home or auto insurance. Hunt ranks Nationwide as the best insurer if you have birds or exotic pets, making the company ideal if you want to protect a unique pet like hedgehogs or tortoises. Geico offers a comprehensive plan in coordination with Embrace that lets you select your annual maximum, deductible and reimbursement percentage, while covering everything from conditions specific to your breed of pet to rehabilitation services and nursing care.

In order to make sure that you're getting what you need, you'll want to dedicate some time to comparing policies before committing to a plan. The best way to make sure that you're getting an accurate quote, per Kelly Gurnett of The Penny Hoarder, is knowing your pet's breed, age and whether they have any pre-existing conditions.

What will your plan cover

Like auto insurance, your plan will vary based on how much you want to pay and how much coverage you think you need. Angela Stringfellow writes for Pet Life Today that you can typically break pet insurance down into five types: accident-only, wellness, time-limited, max-benefit and lifetime policies. A lifetime policy, like that offered by Healthy Paws, provides the most coverage and the most peace of mind, especially if your dog comes from a breed with common health issues.

One thing that most pet policies don't cover: if your dog bites someone. According to NerdWallet's Jason Van Steenwyk, the event of a dog attack typically falls under the purview of your homeowners insurance policy, but you'll want to check your policy first to make sure that your specific breed is included.

If you breed your pets for show or profit, you may also want to consider breeder's insurance. Per Investopedia's Julia Kagan, this policy type protects you against damage, theft or loss. Like regular pet insurance, breeder's insurance breaks down into different coverages, including third-party liability in the event that your dog injures someone, pregnancy and birth, damage to equipment like kennels and even death.

The decision to insure your pet may come down to how much risk you're willing to take. If you don't want to pay the full cost of a medical emergency or feel like your pet may be at risk for long-term health issues, pet insurance might just be the way to go. The best way to be positive is to weigh all your options, do your research and decide what works best for your specific situation.

The Basics of a 529 Plan

Give your future scholar a head start

With educational expenses on the rise, you can help your student avoid debt and get a head start with a 529 savings plan. These tax-advantaged savings vehicles allow you to manage the funds you contribute, so they're an excellent way to fund a beneficiary's college degree without the risk of an impulsive teen spending the money on something frivolous. However, getting started with a 529 plan can be overwhelming. To make it easier to begin your savings journey, here's a straightforward guide to help you better understand 529 savings plans.

Education savings plans vs. pre-paid tuition plans

There are two kinds of 529 savings plans: education savings plans and pre-paid tuition plans. An education savings plan can pay for your beneficiary's educational expenses, as long as these expenses meet certain criteria. Qualified expenses include room, board and mandatory fees, as well as tuition. These plans can also fund expenses for the beneficiary's private, religious or public elementary or secondary education. Pre-paid tuition plans are more strict — your beneficiary can spend the money on only tuition expenses and mandatory fees. They must also be used at select schools. If the beneficiary isn't enrolled at a participating school, the plan will pay for a fraction of the original investment. Furthermore, you can't use it to fund the beneficiary's elementary or secondary school. Every state in the U.S. sponsors at least one form of 529 plan, so check to see which plans are locally available to you.

Tax benefits

Investing in a 529 plan brings significant tax benefits. Although in most states you won't be able to deduct your contributions, all of the earnings can grow without state or federal income taxes until they're withdrawn. Furthermore, all qualified withdrawals are also free from federal taxes. As for state taxes, 33 states and the District of Columbia waive taxes when the plan's funds are spent on qualified expenses, according to Ken Clark, a certified financial planner and contributor to The Balance.

Rules and restrictions

As previously discussed, different types of 529 plans have rules regarding how their funds can be spent. If you or your beneficiary spends the funds on non-qualifying expenses, then you'll have to pay federal income taxes on the earnings of the withdrawn amount, as well as a 10% penalty. Luckily, 529 plans keep you in control of the money — your beneficiary has no right to the money, even once they hit legal age, according to SavingForCollege.com. Furthermore, you can transfer the 529 plan to a different beneficiary, if you so choose.

Fees and expenses

While a 529 plan offers tax benefits, they come with certain expenses, as well. Education savings plans and pre-paid tuition plans typically have both initial and ongoing fees. You'll likely pay an enrollment or application fee, as well as a few recurring expenses, such as an annual maintenance fee and an asset and program management fee. However, according to the U.S. Securities and Exchange Commission, you may be able to receive a fee waiver if you meet certain residency requirements, have a high account balance, set up automatic contributions or opt to receive electronic documents instead of paper copies.

A 529 plan can be an excellent, low-maintenance savings vehicle for educational expenses. If you'd like more information about 529 savings plans, research your state's guidelines or consult a financial planner.

Arundel Federal Savings Bank Monthly Newsletter

Checking Your Credit Score Online

The easiest and most affordable ways to check your credit

Knowing your credit score is the first step to securing a loan for a new car, starting up your own business or taking out a mortgage. With seemingly everything being done online these days, checking your credit score is easier and more convenient than ever — as long as you know where to look.

Credit scores vs. credit reports

One of the best ways to stay up to date on your credit health and learn whether your identity has been compromised is by taking advantage of your free annual credit reports. Per USAGov, every American gets a free credit report from the three major reporting bureaus: Equifax, Experian and TransUnion. These reports can be requested any time during a 12-month period at AnnualCreditReport.com free of charge and requesting them will not negatively impact your score in any way.

It’s worth noting that these credit reports do not include a credit score. You can, however, get a sense of how your credit is performing by observing your accounts and payment history. If you see fraudulent accounts or missed payments, you’ll be in a better position to rectify those problems quickly, which will have a positive impact on your credit score.

While you can request all three credit reports at the same time, USAGov suggests that you may want to stagger them in such a way that you can stay informed over the 12-months. For example, if you check your Equifax report in January, your Experian report in May and your TransUnion report in September, you’ll have a good picture of where your credit is all year long.

How to get your credit score for free

According to The Balance’s Latoya Irby, your surest bet for getting your credit score for free is likely your credit card issuers. In some cases, you can take advantage of a free credit score service from a financial institution even if you aren’t a customer — as Irby notes, you won’t pay for their services, but you will be giving permission for that institution to access your private financial data. Checking your credit score through these services does not negatively impact your score.

In many cases, using these services will give you access to your TransUnion VantageScore or FICO credit score. These predictive tools leverage information from your credit history to give you an accurate picture of your credit score. Louis DeNicola writes for Experian that the FICO is considered the standard for credit scores, but he notes that VantageScore is a viable system that has only gotten more reliable since its introduction in 2006.

Other ways to get your credit score

According to the Consumer Financial Protection Bureau, other ways to get your credit score online include credit score services like WalletHub, Credit Karma or Mint. In some cases, these services are provided for free — as Investopedia’s Tim Parker notes, Credit Karma does not charge you for access to your credit score but profits by using your data for targeted advertising. In other cases, as the CFPB notes, you may be required to sign up for monthly credit monitoring for a fee to get your credit score. Other services may offer your free credit score as part of a trial, and if you fail to cancel the service before the trial’s conclusion, you’ll have to pay for the service.

It is essential that you do your research before giving any sensitive information out. Searching for free credit scores opens you up to the potential of clicking into fraudulent websites looking to steal your information. Check that the service you are considering is authentic and that its website security is sufficient. You may also want to research whether a service has been the victim of a data breach ala Equifax.

If you decide to pay for your credit score, you may be best suited to go through one of the three credit bureaus or FICO. The Basic FICO subscription package starts at $19.95 a month and includes monthly updates, specific scores for mortgages and auto loans and score and credit monitoring. While the expense may be less appealing than a free service, it may be a worthwhile one if you’re on a mission to rebuild your credit score.