Arundel Federal Savings Bank Monthly Newsletter

Volume Issue • October 2020

In This Issue:

Retirement and Promotions

Who is retired and who got promoted?

As we say goodbye to one person, we say hello to familiar faces with new job titles.

We say farewell to Mary Lou Beck, IRA Specialist. Mary Lou started with Arundel Federal in 1974. She took a small break in 83' from working with Arundel Federal and returned in 1996. She started as a Teller and worked her way up to a Customer Service Representative (CSR), where she discovered her increased interest in IRAs. From CSR, Mary Lou was promoted to Assistant Manager and finally to an IRA Specialist. We all wish her well on her next adventure.

Who is our new IRA Specialist? Amy Beall, who was previously the Branch Manager at our Severna Park location. Amy has worked at four out of our six locations, from Teller to Manager since 2007. We welcome her as our new IRA Specialist and know she will do an excellent job.

With the promotion of Amy Beall, this leaves an empty spot for a Branch Manager. The Glen Burnie Branch Manager was transferred to Severna Park and now we have a new Branch Manager for our Glen Burnie location, Tammy Teets. Tammy is not new to Glen Burnie; she was previously the Assistant Manager. This is a seamless transition for her as she is already familiar with the staff and customers. We congratulate Tammy on her promotion and know she will be a great leader!

2020 Arundel Federal Food Drive

Thursday, October 1st, 2020 through Friday, November 6th, 2020

Beginning Thursday, October 1st, 2020 through Friday, November 6th, 2020, all branches of Arundel Federal Savings Bank will be collecting food donations for local pantries to support our communities this holiday season. During the Food Drive, collection boxes will be available in the lobbies of all six Arundel Federal branches: Annapolis, Brooklyn, Gambrills, Glen Burnie, Pasadena, and Severna Park.

“Everyone has something to be thankful for this time of year no matter how big or small it may be. Here at Arundel Federal, we’re reminded just how lucky we are to be able to serve our great communities day in and day out, along with seeing the direct results of our efforts. We’re especially thankful for our generous customers who help us provide for the less fortunate year after year during the holiday season,” said Tom Herpel CEO.

This year’s donations will once again go to a variety of organizations including the North County Emergency Out Reach Network (NCEON); Heritage Baptist Church; Severna Park based SPAN (Serving People Across Neighborhoods), the Pasadena Business Association and local pantries. View branch locations and hours.

According to SPAN, these are some of the food basket items needed for the holidays:

- Canned goods: gravy, corn, green beans, yams, fruit, cranberry sauce, sauerkraut, pumpkin filling
- Boxed goods: stuffing, mashed potatoes, muffin mix, pie crust
- Canned proteins: tuna, salmon, chicken, beans, peanut butter
- Dairy: shelf-stable milk, evaporated milk, infant formula
- Fruits and juices: (in light syrup or its own juices) fruit cocktail, applesauce, juice boxes Pasta and rice: brown and white rice, macaroni and cheese, pasta
- Soups and stew: (low sodium) beef stew, chili, chicken noodle, vegetable, turkey and rice
- Foods not accepted: perishables

Weekend Home Projects to Spruce Up Your Home

Quick and easy jobs that add long-term value

As a homeowner, you know better than anyone that home improvement is an ongoing process. Between big projects like new roofs and remodels, you can take steps to rejuvenate your living space with projects that don't take too much time or effort to complete.

Beautify your backyard

With the summer heat cooling and autumn on the horizon, you can look ahead to spending quiet evenings in the yard huddled around a fire pit with a warm cup of cider. But before you get there, why not take advantage of a summer afternoon and revitalize your space for maximum enjoyment? Your project slate will vary based on the space you have to work with, but as Country Living points out, as anything from laying a stone path to building a treehouse can add depth and character to your yard.

A great place to start your project is with some simple landscaping. Uproot weeds, cover patches of mud and dirt with fresh sod or mulch and tidy up lingering leaves and detritus that may have gathered at the corners of your yard. Amy Fontinelle of Investopedia recommends planting perennials to ensure happy returns on colorful flowers. If you start by taking the time to clean your yard and make it look as complete as possible, you'll begin to see the potential for more ideas to come.

Change the color of your world

When your home begins to feel a bit too drab or too familiar, a quick trip to the home goods store for a few cans of paint can be a game-changer. Painting the rooms in your home a different color can drastically alter their personality and give your home a refreshed style. Sheryl Geerts, writing for Better Homes & Gardens, suggests starting with the front door, swapping out a neutral color for something more vibrant and eye-catching.

If you plan to repaint the rooms in your home, Natalie Rodriguez of This Old House recommends making use of a color wheel. This will allow you to create unique contrast with colors that punctuate elements of a room. Playing blue off orange or complementing yellow with purple gives a room a lively character that's welcoming and comforting. Fontinelle says that you should opt for a more neutral palette if you're looking to sell, but if you plan on staying for a while, let your imagination be your guide.

Consider the kitchen

A beautiful, functional kitchen is essential if you spend a lot of time cooking. Kitchen renovation can be a time-consuming and costly endeavor if you're starting from scratch, but if you have the key components in place and just want to spruce it up, you can do a lot in just a few days.

Fontinelle suggests starting with your current cabinets. Rather than replace what you have, you can paint or stain your wood cabinets to revamp the personality of the room. White cabinets are a great choice if you want something that's timeless and helps to brighten the room, but you can go darker if it fits your color scheme. Another great way to change up your cabinets is by swapping out handles and knobs.

A new backsplash is another quick and simple way to liven up your kitchen space. HomeAdvisor says that adding a backsplash behind your stove provides protection from the heat as well as added style, and a backsplash by your faucet can help protect your walls from water damage. Do-it-yourself backsplash typically requires little time and experience, and if you have experience installing backsplash you can try to create a more complex design.

If you find yourself spending more time at home on the weekends, make good use of it by improving your home. A small project here and there can result in your house feeling brand-new again.

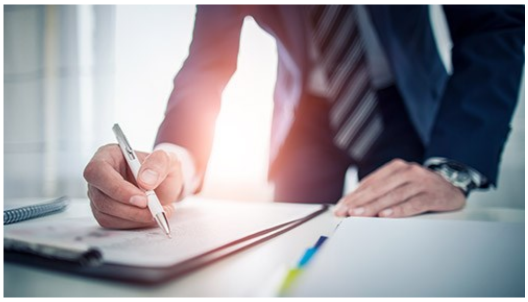
Give Your Retirement Portfolio a Boost

Quick tips for growing your savings

If your retirement portfolio needs a jump, either because you got into the savings game late or because the economic strain of COVID-19 put a dent in your existing savings, you've got options. Even if you are between 55 and 64, you still have time to boost your retirement savings. The following are a few of the ways how you can do it.

Max out your employer-based retirement plan

If your employer offers a 401(k) or 403(b) or other voluntary contribution retirement plan, now is a good time to invest as much as possible if you are not already doing so. In 2020, the maximum amount anyone can contribute to a 401(k) plan for the year is $19,500, but if you are 50 or older, you can invest an additional $6,500 in catch-up contributions for a total of $26,000.



This is an easy and convenient way to invest in your retirement, all the while reducing your taxable income. Additionally, there's arguably no better time to invest than late in your career. "Because your 50s and early 60s are likely to be your peak earning years, you may also be in a higher marginal tax bracket now than you will be during retirement, meaning that you'll face a smaller tax bill when that time comes," says personal finance writer Greg Daugherty.

And if your employer matches a percentage of your deduction, that's free money you shouldn't forgo.

Invest in an IRA

You may want to consider contributing to an individual retirement account if you are eligible for one and have the means to do so in addition to contributing to your 401(k) or 403(b) plan. In 2020, you can contribute $6,000 to an IRA as well as an additional $1,000 if you are 50 or older. There are two types of IRAs — traditional and Roth — and either one could help boost your retirement. Understanding which type of IRA is best suited for you and your retirement plans may require the help of a retirement planning specialist.

Don't be too cautious

Traditional advice says to take more investment risks while you are young and to make safer investments while drawing closer to retirement. And while the advice is sound, personal finance author Deborah Fowles cautions against being too conservative. "Even at 45 or 50 years old, you have several decades for your retirement earnings to grow, so invest a large percentage in carefully researched, proven stocks, or, better yet, mutual funds."

In any case, especially in the context of COVID-19's effect on the market, now is a good time to rethink your investment allocations. Regardless of your age, you should ensure your portfolio is diverse, as this is the best protection against risk. Keep the strongest stocks in your portfolio and trim those lagging behind. You should also rebalance your portfolio back to your target asset allocation if it changed.

Increase your cash flow

Putting up to $32,000 aside each year to invest in an employer-supported retirement plan and an IRA may sound like a great idea to someone who can afford it, but what if you are limited by your income? What if COVID-19 or other circumstances have left you unemployed and unable to pay for the bills? One of the ways to boost or protect your retirement portfolio is to increase your cash flow.

The most straightforward method is to spend less. This is generic advice you might hear from anyone, but it's easier than ever now in a world of social distancing and quarantine. Staying at home means less money spent on gas, restaurants and social events. "With social distancing, most people can't spend as much as they did in pre-COVID-19 days," says Anthony Ogorek, president and founder of Ogorek Wealth Management. "You may be surprised at how little you need to draw [from your retirement account] on a temporary basis." Even when the world gets back to normal, spending less is a legitimate strategy to have more money to invest in your future.

If you're just getting into retirement planning or need to make changes because of COVID-19, make sure to talk to a retirement planning specialist at your local financial institution to help you best prepare your future.

Little Ways to Save Money

Stretch your paychecks a bit more

Whether you're preparing for a big purchase or tightening your belt during a rough patch, saving money is a good idea. There are plenty of big ways to keep more money in your financial accounts, but here are some smaller ones that add up to more than you expect.

Keep an eye on it

It's hard to commit to change if you're not tracking your spending habits. Guest contributor Brittney Castro tells CNBC that you should plan to sit down once a week and look at all of your financials, such as credit card charges, outstanding bills and other concerns. Making time to analyze your cash will help you find small ways you overspend before they catch up with you at the end of the month.

Buy later

You probably have bought something recently and then realized soon after that you've made a mistake. To make sure that you spend your hard-earned dollars on things you will actually use or appreciate, Paula Pant of The Balance suggests using delayed gratification. Look at the item and make sure it's something you truly need. If possible, take at least a day before you make a purchase to ensure it's not something you'll regret later.

Curb the treats

When you were a little kid, your parents might have given you a reward after you did something really well, like getting your vaccines or earning a top grade in school. That means your brain is trained to treat yourself if you're upset or particularly happy. This isn't always a good thing for your budget, and Pant suggests cutting down on this behavior as much as possible. Instead of getting yourself a reward that costs money, she says you should do something for free, like connect with loved ones.

Restrict online shopping

Online shopping makes it easier than ever to buy what you don't need, and that takes a toll on your financial accounts. You might find it hard to cut it completely out of your life, especially if you use online delivery for essentials during COVID-19, but Courtney Jespersen of NerdWallet says you should make it more inconvenient to shop online. If possible, turn off the automatic buy button on Amazon, and don't let other sites you use remember your shipping address or payment method. You might be surprised how few impulse buys you make if you have to walk to your wallet and dig out a credit card every time you want to make a purchase.

Order small

You're not alone if a large portion of your spending goes to eating out. It's easy to suggest that you cut that line item down to size, but the reality is that eating out is one of the most common ways to socialize with friends and professional connections. If possible, consider ordering an appetizer instead of a full entree or split a favorite dish with others to keep your bill low.

Saving money takes some sacrifices to be sure, but there are some little steps you can take now to make your efforts have a bigger impact.

Get Excited for the Future of Mobile Banking Apps

How technology can help make managing your finances even easier

Using your financial institution's mobile banking app makes paying bills, moving money and doing other fiscal tasks more convenient. The ability to do so much on your phone is a welcome development of modern technology, and the continued advance of innovation should place even more handy features at your fingertips in the future.

Increased use of biometrics

Safety and security are top priorities for mobile banking app users because one breach can mean a considerable headache. Strong passwords and two-factor authentication are great ways to protect against hackers, but biometrics are quickly becoming a go-to solution for financial institutions. According to NerdWallet's Jeanne Lee, fingerprint identification, face recognition technology and voice recognition are the more common forms of biometric authentication.

Many financial institutions already offer these security options to mobile app users. According to Spiceworks, a network for internet technology professionals, 62 percent of organizations use biometrics for security today. The increasing affordability of the technology will make it more widespread in the future. It could also lead to wider use of less-common biometric authentication like scanning the lines and veins in your palm, scanning your iris or listening to your heartbeat.

Cardless ATM access

Though credit cards and easy-to-use payment apps are more widespread than ever, there are just some things that require old-fashioned paper currency. What may not be so old-fashioned in the future is the way you access your ATM. According to Brian Edmonson, writing for The Balance, financial institutions are in the process of rolling out cardless methods for ATM access. This includes generating a one-time-use code that you punch into the machine along with your PIN, using your phone's camera or leveraging location services.

Using an app to access your ATM may potentially be safer than a traditional card. Your phone has additional layers of security to prevent unwanted access if it's stolen, making it harder for a thief to gain access to your money. By not using a physical card, you also safeguard yourself against card skimmers, which can relay your information to thieves.

The ability to do more

One of the best conveniences of a smartphone is its ability to function as an all-in-one tool. Financial institutions want mobile banking apps to become similarly multifunctional to better serve your needs. Alicia Phaneuf of Business Insider suggests that you can expect to see more apps with built-in features like money management and savings tools and safe access to your credit score and history as the technology develops.

Machine learning and artificial intelligence will also factor into making customer service simpler and quicker. Edmonson writes that virtual assistants are on the rise with financial institutions, offering instant answers for pressing questions. As AI becomes more advanced, these assistants could even offer complex financial advice, allowing you to forego calls and in-person visits all together. Further down the line lies augmented and virtual reality — Alina Klichkovskaya writes in Medium that AR and VR could gamify money management and cause users to become more engaged with their experience.

If your financial institution offers mobile banking, be on the lookout for these and other innovations in the months and years ahead. Once they've become part of your money-management routine, like the app on your smartphone, you'll wonder how you ever went without them.

Teaching the Basics of Checking Accounts To Younger Kids

Checking account lessons for younger kids

How to handle money is an important life lesson. The sooner you start your child's financial education, the more knowledgeable and responsible they will be with their money. Opening a checking account for your child is a great way to impart real-world money lessons.

Programs for kids

Seek out a financial institution or inquire at the one you are currently using about accounts and programs specially designed for kids. These accounts often mimic features of traditional accounts but offer you important oversight. According to Investopedia writer Jeff Krohnfeldt, accounts with parental controls let you see how your kid is handling their money by sending text alerts or setting ATM, debit card transaction or withdrawal limits. These controls let you step in when problems pop up.

"By utilizing banks that have teen programs, parents can help their child to establish a banking and a credit history while still under their roof," reports The Balance writer Madison Dupaix.

Joint account options

If your financial institution does not offer programs with parental control features, and you do not want to open an account at a new institution, put your name on your child's account. As a joint account holder, you will have complete access to and knowledge of your child's account, according to Krohnfeldt.

Financial goals

Once you have chosen the right account for you and your child, the real money decisions begin. First, determine how you want your child to use the account, advises Forbes contributor Ben Gran. Is there a certain percentage from their allowance they need to deposit each month? Are they saving money for something special like a computer or bike? Are they responsible for funding certain perks like having a cell phone?

Checking account logistics

Although many people do not write out physical checks very often anymore, it is still a skill your child should have. Explain how to fill out a check and record the transaction in the account register. If your child receives a check as a birthday or holiday gift or from their place of employment, show them how to endorse the check, fill out the deposit slip and complete the transaction at your financial institution.

Online banking functionality will no doubt be part of your child's checking account. If an employee at the financial institution does not walk you and your child through its app, be sure to help your child set up their online profile, choose a secure password and investigate all the online features available with the account. Teach your child how to read their banking statement, too, and stress the danger of overdrafts. Finally, if you are allowing your child ATM privileges, walk them through the transactions they can complete, the amount they are allowed to withdraw and how to safely use the machine.

A checking account offers your child an active role in their financial future. It serves as a secure way for your child to save money while also providing them a lesson in balancing what they save and what they spend. If you are a joint account holder or have set parental controls on the account, you can continue to school your child in lessons of finance as they grow up.

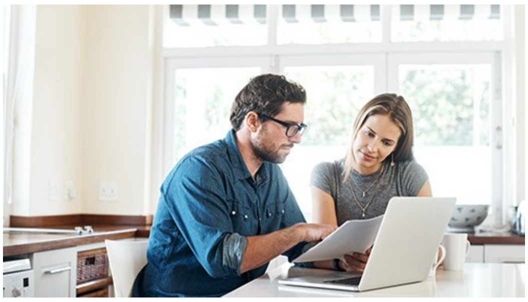
Three Things You Should Know Before Consolidating Debt

Debt consolidation isn’t a silver bullet for debt problems

Consolidating debt is a common and proven debt management strategy. In short, it involves combining multiple debts into a single payment, making your overall debt easier to handle. It may even reduce total debt via lower interest rates. However, consolidation is not always as simple as it seems — if it even works for your specific situation. The following are three important tips for anyone considering debt consolidation.

Change your habits

Consolidation is not a silver bullet for debt problems. For the strategy to work, you need to change the habits that led you to requiring debt management in the first place. According to certified financial planner Lara Lamb, the best way to do that is with a strong and realistic budget. “A realistic budget gives you enough to spend on things you value and you love,” she says.



Your budget should, at the basic level, account for debt payments, retirement savings contributions and an emergency fund. Better yet, you should strive to anticipate infrequent or seasonal expenses, such as car registration fees and Christmas gift purchases.

Finally, it’s important to leave some room in your budget for fun expenses. Lamb says that if all you do is save money and never buy anything that makes you happy, you’re more likely to end up splurging and going over budget.

Check your credit reports

Before you settle on a debt consolidation plan, get a credit report. Once a year, you can check your credit report with all three major credit bureaus (Equifax, Experian and TransUnion) for free. This can be helpful not only to be more informed when it’s time to decide on a plan, but also to look for any errors. Christine DiGangi, personal finance writer, says that an error on any of your credit reports “could prevent you from qualifying for the debt consolidation help you need.” Unfortunately, such errors are common and over the course of years, they can potentially cost you thousands of dollars in higher interest rates. If you find an error in your credit report, dispute it. Clearing errors will not only help you qualify for debt consolidation but also give you access to lower interest rates.

Learn your options

There are multiple ways to consolidate debt. Amrita Jayakumar of NerdWallet suggests that If you have good credit, you may consider transferring high-interest credit card balances to a single card with a lower APR. Another option is to take out a personal debt consolidation loan, giving you a concrete plan (usually three to five years) for paying off your old debt. Both of these types of loans are unsecured, meaning they require no collateral on your part. Instead, your creditworthiness is taken as an indication that you will be able to repay.

If your credit is not good, you may instead need to get a secured loan. This requires you to put up collateral, such as a car or a home. These loans tend to give you more borrowing power and lower interest rates, but also put your property at risk if you fail to make your payments. This makes budgeting and borrowing only as much as you need of paramount importance.

Ultimately, the best way to consolidate debt, and whether it will even work for you at all, depends on your unique financial situation. To explore the best options for you, consult a debt expert at your local financial institution.