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Smart Spending in the Holiday Season

Making sure the spirit of giving doesn't haunt you with debt

The holiday season is fast approaching, a fact alone that may already have alarm bells ringing in your head. With its arrival comes the return of holiday shopping, and if you have an expansive list of people to buy for, it may very well mean another sizable debt that takes months to pay down. However, it doesn't necessarily have to be that way. By following some simple strategies, you can make sure you satisfy your shopping list without going over your budget.

Make a budget

It seems like it should go without saying, but making a budget is the cornerstone of responsible holiday shopping. Liz Weston of NerdWallet suggests creating a spreadsheet that includes your anticipated income for the holiday months and a list of the people you need to gift-shop for. Subtract your fixed expenses as well as how much you plan to pay for things like decorations, travel, food and drinks for holiday gatherings. This should give you a pretty solid idea of how much money you'll have to work with for your list and allows you to budget accordingly.

Stick to your budget

However you decided to create a budget, the only way it pays off is if you stick to it. As Reyna Gobel of Investopedia suggests, you may be inclined to try and match the generosity of gift-givers who don't carry the same level of financial obligation or burden. Rather than attempting to match someone else's spending, you should shop in accordance to your budget. Those close to you should understand your budgetary needs, so there's no need to try and impress them with a gift you can't really afford.

Cut down on costs

If you want to try and shop a bit outside of your means, it should only come at the cost of other less necessary expenses. Gobel suggests that you could cut down on how much you spend on coffee, eating out, entertainment or other inessential purchases and apply that toward your holiday budget. If you feel that the temptation to go outside of your budget and rack up a balance on your credit card may be too great, consider limiting yourself to cash purchases.

The thought really does count

It's virtually a given that gift-giving in the holiday season means spending big bucks on material goods. If you have a tighter budget but still want to show your friends and family how much you care, Sean Pyles of NerdWallet suggests shying away from that mindset. Instead, be creative and leverage your skills. If you're renowned for being crafty in the kitchen, hand out certificates good for a fancy meal of the holder's choice or, as U.S. News & World Report's Karen Cordaway recommends, bake a smorgasbord of sweets to give out. If you have friends who have a newborn, you can gift them with a day of peace and quiet by creating a voucher for anytime babysitting. Experiences matter, and they're easier to customize to a particular person's needs or interests. What's more, they may not cost you as much in the run up to the holidays.

You may already feel yourself sweating the impending holiday season, but there's no reason to. Though you may feel pressured to give expensive gifts and go into debt out of generosity, you can spend smart and mitigate any financial damage the season of giving might cause.



Home Down Payments and Alternatives

How to handle one of the biggest hurdles between you and home ownership

Among the most challenging hurdles to overcome on your path to home ownership is the down payment. Unless you are in a great position of financial advantage, coming up with a large sum of liquid capital at one time is a difficult task, making this particular aspect of purchasing a home one of the most fearsome. If you're struggling with your down payment, you've got some options you can consider.

How much do you need?

The widely preferred minimum down payment for a home is 20 percent, which can be quite burdensome with most mortgages. If for example you are looking at a \$250,000 home, you should be able to pay \$50,000 up front, which is a lot to ask of even the hardest-working and most financially savvy professionals.

The 20 percent down payment is considered the standard because it protects the interests of a lender, but it also provides homebuyers with several benefits. According to Hal M. Bundtrick of NerdWallet, making a 20 percent down payment likely means you'll earn a better mortgage interest rate, lower fees over the lifetime of the mortgage, a lower monthly payment and more equity in your home up front. If you're thinking long term — which is crucial for home ownership — these are all extremely attractive advantages.

Can you pay less than 20 percent?

Because it's well understood that most working Americans can't afford 20 percent of a mortgage up front on their salaries, the Federal Housing Administration offers an alternative that's extremely beneficial to low- to moderate-income earners and first-time homebuyers. Part of the U.S. Department of Housing, the FHA offers insured loans that help lower down payments and closing costs and make it easier for buyers with poorer credit to qualify. With an FHA loan, you can make a down payment as low as 3.5 percent on your first home.

If you are a veteran or an active-duty member of the military, the U.S. Department of Veterans Affairs also offers unique loans and mortgages to help you buy a home. With a VA loan or mortgage, you could potentially pay zero down while still pulling a good rate, helping make your dream home more affordable. According to Bundrick, there are also zero down payment programs available through the Department of Agriculture's Rural Development program.

You can also check with your local financial institutions to see if they offer down payment assistance programs. Rebecca Lake of U.S. News & World Report cites the example of the state of Texas, where the Department of Housing and Community Affairs provides up to 5 percent down payment and closing cost assistance for eligible buyers. In Indiana, the Individual Development Account program will match a minimum of \$4 for every \$1 that eligible program participants put toward the purchase of a home.

How to make it work

Short of negotiating with a local financial institution or qualifying for a down payment assistance program, you may simply be stuck with the expectation that 20 percent of a home's value needs to be paid up front. If you are not in a position where this is feasible, your best bet may be to work toward a scenario where it is. To achieve this, Donna Fuscaldo of Investopedia recommends reshaping your budget or selling your personal belongings, while Elizabeth Weintraub of The Balance suggests bulking up your savings input or reserving your tax refund. Perhaps less ideal is the idea, posited by both, that you ask for a loan or gift from a relative or loved one — setting aside the tax burdens of doing so, this can create unnecessary strife if you hit a financial hardship and are unable to repay that generosity.

Perhaps the most interesting idea comes from Weintraub, who proposes asking that the seller cover your down payment as a credit for closing for their asking price. If you attempt this, it's best to ask your lender about the feasibility first as there are limitations on credit sizes.

If you feel that you are ready to purchase a home, a down payment is virtually guaranteed. Make sure that you are in the best position possible to cover that obligation, and speak with your financial institution to learn how you can make your dream of home ownership a reality.



Round Up



New to PSCU! Members can opt into our new Round Up program beginning November 15th. Once you sign up, every debit card purchase will be automatically rounded up to the nearest dollar, five dollars or ten dollars (depending on your preference). That change will then be deposited into a savings club account just for you. You will see your savings add up in no time! You can sign up after November 15th online or in any of our 15 branches.

Now Available at All Branches!



Get your holiday shopping started right by purchasing one of these adorable plush's! All funds will go to the Michigan Credit Union League to raise awareness of credit unions and their causes. Pick one up at any of our 15 convenient branch locations!

Public Service Credit Union • 734-641-8400 • <http://www.pscunow.com>

2020 Board of Directors Elections



Considering running for the PSCU Board of Directors? Elections will be held during the Annual meeting on January 21st, 2020. If you would like to run for a Board position, you can pick up a petition from Donna Follbaum at the Administration office after November 4th, 2019. The petition must be returned no later than December 4th, 2019 at 4:00pm with signature of 652 bona fide Public Service Credit Union members. To run, you must be at least 18 years of age and a PSCU member in good standing. Board of Directors members running for re-election this year are Jeff King, Nora Sharpley and Dean Trudeau.

The Annual Meeting will be held at the Romulus Branch located at 7665 Merriman Rd.

We would like to encourage your attendance and participation.

Everything You Need to Know About Smart Home Devices

Here's what the commercials don't tell you

Smart home devices offer unprecedented convenience and connectivity. However, with an ever-growing selection of smart home devices on the market, it can be tough to know where to start. Here are four factors to consider before you commit to building a network of smart home devices.

Bring on the bandwidth

Since all of your smart home devices will be connected to the Internet, they'll be consuming a considerable amount of your bandwidth. Make sure your Internet infrastructure is capable of handling this deluge of data — before buying a full suite of smart home devices, upgrade to a high-quality router and opt for more bandwidth from your service provider. When you set up your new router, make sure it's centrally located, so all of your devices can receive an unobstructed signal. If you have a larger home or the walls are obstructing the Wi-Fi signal, consider purchasing a range extender.

Consider compatibility

Although you don't need to commit to one brand, compatibility can make a huge difference in the convenience of your smart home. Choose devices that run on the same platform, such as the Apple Home App or Google Nest. Also, consider how the platform lets you access your devices. For example, you can manage your Apple Home-compatible products with your iPhone and Siri voice commands. Alexa, on the other hand, offers in-vehicle integration. Ford, Toyota and Lexus are just a few of the automakers that offer Alexa integration, so you can control your devices on your daily commute.

Protect your privacy

Every time you use a smart home device, you're giving away your consumer data. While most of this data seems innocuous, be aware that companies are using your data to paint a picture of you, based on everything from your Internet activity and thermostat settings to your grocery list and favorite podcasts. Most smart home devices do have privacy settings, but they're disabled by default, so be sure to switch them on if you'd like an extra layer of protection. Smart home devices also give hackers an easy way to access your home network, potentially allowing them to intercept the data you send online or control your home devices. You can give your home an added layer of protection by purchasing a Virtual Private Network service.

Upfront costs and long-term savings

Electronics aren't cheap — and many smart home devices can be expensive to purchase and install. For instance, smart home security systems have pricy installation costs, so be sure to read the fine print before committing to a product or service. However, other smart home devices can save you money in the long run. Of course, there are small savings, such as smart lights and smart thermostats that can help you shave down your utility bills. You can net bigger financial gains from other smart home products, including security systems, which can increase your home's resale value and help you score a discount with some insurance providers. Some providers may even subsidize the costs of smart home devices, or even pay for them outright.

Smart home devices can make your home safer, more convenient and more efficient. Before you start investing in smart home products, see what reviewers, as well as your friends and family, have to say about specific products. A little research and insight can go a long way towards a stress-free smart home journey.



Volunteer Ideas for the Holidays

Volunteer ideas to celebrate the season of giving

The holidays can be a whirlwind of activities, but one way to appreciate the season of giving is to give back. Donating your time and sharing your talents with organizations, local causes or your community will make the holidays even more special this year.

Look around your neighborhood

You don't have to look far for volunteer opportunities. You can look out your window or step out your front door to find someone in need. Start with your neighbors, especially the elderly ones, and inquire if they need assistance with outdoor maintenance, landscaping projects or decorating their homes. If they have a hard time getting around, ask them what groceries they need from the store or offer them a ride so they can complete errands.

Shop for a good cause

Receiving a special gift during the holiday season is a dream of every child. Unfortunately, not every child will have something to unwrap. If you want to make the holidays a bit brighter for a child, help organize a toy drive or show off your shopping skills by donating toys to local organizations that support children. If there is an already established toy drive in your community, ask how you can help.

Gather sustenance

Although your local food pantry is in need of donations and volunteer hours year-round, the holidays pose a special need. Check in with your community organization to see if they need help packaging meals, collecting canned food or non-perishables for a food drive or preparing meals. Local churches often have lists of families who would greatly appreciate groceries and a holiday meal, and Meals on Wheels, a nationwide program that provides meals for seniors, might be able to put your volunteer spirit to work.

Send a message of love

A kind word can make all the difference to someone struggling during the holidays. If you are eager to share a message of love, hope and kindness, consider volunteering with More Love Letters, a letter writing campaign that spreads love through the mail. New letter requests are posted each month on the organization's website, so you send a letter of love not only during the holidays, but also throughout the year.

If you love to combine your writing skills with creative crafting, check out the organization Cards for Hospitalized Kids. The charity specializes in bringing joy to kids who have to spend the holidays in the hospital. All you have to do is pen an uplifting message in a card you create, and the organization will send your special message to a kid in the hospital. You don't have to be an artist or a celebrated wordsmith — just write from the heart. Creating cards for this organization works wonderfully as a group event, so invite your friends, coworkers and family to share their artistic abilities for deserving patients across the country.

There are so many ways to volunteer your talents and time during the holiday. Whether you have a ton of time or only a few hours to spare, you can make a difference in someone's life.



401(k) Strategies As You Age

How you should invest in your retirement over time

Some of the most common financial advice you can receive regarding preparing for retirement is to contributing to a 401(k) plan, and usually, thanks to your employer, putting a portion of your earnings toward that plan every paycheck is easy. But where your money is being invested and at what age you're investing it matters, so it's important to assess the best 401(k) strategies available to you as you get older.

In your 20s and 30s

When you're in your 20s or 30s, you still have a lot of time ahead of you before you retire, which allows you to take on more risks for higher rewards. "The basic rule of thumb is that a younger person can invest a greater percentage in riskier stock funds," personal finance expert Carol M. Kopp explains in an article for Investopedia. "At best, the funds could pay off big. At worst, there is time to recoup losses, since retirement is far ahead."

Try to contribute 10 to 15 percent of your salary toward your workplace 401(k) as well as contribute more, if you're capable, to a Roth IRA. While young, you should look to invest in long-term stock investments, which have been shown to return more than bonds. "While bonds are more stable, you won't beat stocks if you're looking to multiply your money over the long-term," says Barbara Friedberg, a former portfolio manager and university investments instructor. A good place to start is to invest about 75 percent in stock funds and the rest in bond and cash investments.



In your 40s

As you age, you should begin to lean toward slightly lower-risk bonds and fixed investments than in your 30s. There's no fixed ratio of stock-to-bond allocation that you should follow — it all depends on how comfortable you are with risk. If you're an aggressive investor, you may still wish to invest about 70 percent in stocks, but if you're more conservative and prefer to avoid risk, then nudge your stock allocation down to around 60 percent. "Just remember, the more stock holdings you have, the more volatile your investment portfolio," Friedberg says.

If you didn't invest toward retirement in your 30s and are just getting started, you should look to supercharge your savings and reach the maximum \$18,000 annual investment allowed. If you do this at age 40, your nest egg will still reach a million dollars by the time you reach age 67. It still won't be as good as if you had started young, but it's a good place to start.

In your 50s and older

As you get closer to retirement, you should continue to take more of your stock investments and put them in bonds and cash investments. "The specific percentages will be determined by how much and when you anticipate dipping into your investments," Friedberg says. She explains that if you expect to retire at 67 and receive Social Security and other income sources, you can delay spending your investments and therefore continue being more aggressive with them. Remember that you will keep investing even during retirement, and that you need to take your own life expectancy into consideration. For example, women are incentivized to invest more aggressively in their retirement because they live about five years longer than men on average, leading to higher retirement costs.

In fact, the rising life expectancy has led some financial planners to throw the old rules straight out of the window, as retirement money now needs to last longer than ever. To make the most of your income today and optimize your 401(k) strategies for the future, make sure to seek assistance from a certified financial planner at your local financial institution.

Short-Term vs. Long-Term Disability Insurance

Should you invest in short- or long-term disability insurance?

No one wants to think about something happening that could impact their ability to work and earn a paycheck. Unfortunately, bad things happen, and the only thing you can do to help when the unthinkable occurs is to plan ahead. The good news is you have two really good options to help safeguard your finances when trouble hits — short- and long-term disability insurance.

Short-term disability insurance

The name gives you a clear clue that short-term disability isn't for the long run. According to Investopedia reviewer Julia Kagan, the coverage you'll earn from short-term disability insurance lasts approximately three to six months. During this window, per your company's short-term disability policy, you should still be able to earn an income, albeit a fraction of your regular salary. Susannah Snider, senior editor, personal finance at U.S. News & World Report notes that the portion could be up to 50 to 60 percent of your regular paycheck, although NerdWallet writer Barbara Marquand reports it can be up to 70 percent. She adds that your short-term disability benefits might take up to two weeks before kicking in.



Long-term disability insurance

Long-term disability insurance offers coverage and a steady income if you find yourself unable to work for six months or more, reports Kagan. With long-term disability insurance, approximately 40 to 60 percent of your base salary will be covered, according to Marquand. Just like with short-term disability, there is a waiting period, also known as an "elimination period," before you'll receive payments. Marquand notes typically that waiting period stretches across 90 days. Because the waiting period can be extensive, prepping your finances is crucial.

"This can last up to six months or longer, so it's important to have an emergency fund on hand to cover months of unpaid time before your benefits start coming through," reports Snider.

Disability insurance options

Many employers offer short-term and long-term disability benefits, so check with your management or human resources department to find out the exact details, rules and benefits your company provides. If your company doesn't sponsor disability coverage for you, it might offer you the chance to buy it through them, according to Marquand.