

In This Issue:

- **2021 Board of Directors Elections**
- **Are You Ready for a Vacation Home?**
Before purchasing a second home, ask yourself these questions
- **Best Cars for Driving in Winter**
5 vehicles ready for winter's challenges
- **Closed Dates**
- **Cybersecurity**
- **Don't Forget These Hidden College Costs**
Don't let these expenses derail your college experience
- **How to Stay Motivated When You Don't Want to Work Out**
Tips for meeting your fitness goals
- **Pay Down Debt with Our Amazing Introductory Rate**
1.99% APR* until 2021
- **Real Estate Trends You Need to Know**
Trends dominating the real estate market
- **Swipe and Sign**
- **The Risks of Investing in Bonds**
Not all bonds are as stable as you may assume
- **Triple Jingle is Back!**
- **What Is Collateral and Why Is It Important**
All of the basics you should know about collateral

Pay Down Debt with Our Amazing Introductory Rate

1.99% APR* until 2021

Already dreaming of warmer weather? Use your home equity to make that dream vacation come true. For a limited time, Public Service Credit Union will be offering the LOW RATE of 1.99% APR* until 2021 for a Home Equity Loan! You can use this money to pay down bills and consolidate debt, pay for an unexpected expense, use it on a home improvement project, or any other project or adventure you are ready to tackle!

[Click Here to apply!](#)

*APR=Annual Percentage Rate. Subject to credit approval and program guidelines. This offer applies only to new home equity line of credit loans. Only primary residence properties, which the borrower owns and occupies are eligible. Not available on a second/vacation home, rental/investment property or mobile home. Offer limited to Michigan residence. Your rate and corresponding APR may be higher than the advertised special rate, depending on your credit history and PSCU's credit policies. The home equity line of credit is available for primary residence properties with an 80% or lower combined loan-to-value (LTV) ratio. Property insurance is required. Flood insurance may be required. Minimum loan amount of \$5,000. The APR of 1.99% will remain in effect until March 31st, 2021. After the introductory rate period ends, any and all remaining balances will be reverted to the variable rate you are eligible for based on your credit score at the time of application. This product has a variable rate that is based on the market rates (prime plus margin).

The Risks of Investing in Bonds

Not all bonds are as stable as you may assume

You're depending on your assets to support you throughout your life — especially once you retire — so it's important that you invest your money in a way that's secure and stable to yield the financial returns you're relying on. Because they're seen as a more stable alternative to stocks, some investors choose to put money into bonds such as municipal bonds, commercial bonds, savings bonds and treasury bonds. However, these investments aren't free from risks either and can result in fiscal setbacks, so make sure you're aware of these risks before investing.

Interest rate risk

Because the bond investment process involves lending money to the bond issuer in exchange for interest payments, the financial payoff is directly tied to interest rates, which are constantly fluctuating. Chad Langager explains in an Investopedia article that high interest rates are better for bond investors because those result in higher yields or returns available on bonds. "When you buy a bond, you commit to receiving a fixed rate of return (ROR) for a set period. Should the market rate rise from the date of the bond's purchase, its price will fall accordingly. The bond will then trade at a discount to reflect the lower return that an investor will make on the bond."

However, there's always the possibility that interest rates will plummet. "Falling interest rates will result in rising bond prices, and falling yields," Langager says. The investment experts at Davy Select recommend assessing a bond's term length and the outlook for interest rates before choosing to invest. Just like investing in stocks, you don't want to buy in when market prospects aren't looking promising.



Duration risk

It's crucial for you to know the term length of your bond, because bonds with high durations are more likely to fluctuate based on interest rates. Although duration is noted in years, it's also an indicator of the investment's volatility. "If you buy a bond that matures in 30 years, it could fluctuate far more violently than a bond that matures in two years," explains The Balance writer Joshua Kennon. Sometimes, bonds can be just as unstable as stocks are. Thus, although bonds are generally more stable than stocks, it's important to know the details of the bond you're investing in so you're not making an unanticipated risk.

Credit risk

Unfortunately, not every bond issuer is trustworthy or in high credit standing. The issuer might not make the scheduled interest or principal payments, which results in you not receiving the financial returns you're anticipating. That's why it's important to analyze the ratings of an issuer to know the credit risk of a bond they're distributing. "Most bonds face a possibility of default," explains the Financial Industry Regulatory Authority. "This means that the bond obligor will either be late paying creditors (including you, as a bondholder), pay a negotiated reduced amount or, in worst-case scenarios, be unable to pay at all." Keep in mind, then, that there's always a chance you won't earn money by investing in bonds, because even a promising issuer might wind up defaulting.

Liquidity risk

A bond's real-life value depends heavily on how interested investors are in it. If people don't perceive a bond to have much value and thus aren't interested in purchasing it, that bond won't have much actual value. This is particularly pertinent during the buy/sell process, where a strong desire for a bond translates to high liquidity. "A sign of liquidity, or lack of it, is the general level of trading activity: A bond that is traded frequently in a given trading day is considerably more liquid than one which only shows trading activity a few times a week," explains the Financial Industry Regulatory Authority. If a bond, therefore, is illiquid, the seller may have to relinquish it at a far lower price than desired, resulting in a financial loss.

Bonds are also affected by factors like inflation, international unrest (if you invest in foreign bonds) and issuer changes within the issuing organization. Just like any other type of investment, bonds come with their own risks. Make sure you carefully consider what type of bond is best for your investments and know the risk you're taking with your money. If you need guidance on making the right decision, talk with your financial advisor.

What Is Collateral and Why Is It Important

All of the basics you should know about collateral

The fundamental difference between a secured and unsecured loan is the collateral requirement. But what is collateral? Why is it important? And what is a lien? You'll learn all about it below.

Definition of collateral

Collateral is an asset you are willing to pledge to a lender to secure credit. The asset is often physical, such as real estate or equipment, and its purpose is to protect the lender. If you default on your loan payments, the lender can seize and sell the collateral to recoup their losses.

"Loans that use tangible assets as collateral are called secured loans," writes finance expert Susan Ward. "The advantage of secured loans is that they often have lower interest rates than unsecured loans."

In short, collateral allows you to get a better loan by shouldering the risk associated with being unable to make your payments.

What is a lien?

A lien is the lender's claim to the collateral used for a loan. In other words, it's the legal mechanism that enables lenders to keep possession of your assets until your debt has been cleared. This is important to know because while some loans do not require physical collateral, they may take a lien on your business's assets.

Types of collateral

There are many different types of collateral. According to Investopedia's Julia Kagan, "The nature of the collateral is often predetermined by the loan type. When you take out a mortgage, your home becomes the collateral," she explains. "If you take out a car, then the car is the collateral for the loan."

However, you can still put up assets as collateral for loans that have nothing to do with the asset itself. For example, cars — if paid off in full — are commonly accepted as collateral for other loans. Lenders may also accept investment accounts and savings account deposits as collateral, but not retirement accounts. You can even use future paychecks as collateral for very short-term loans, though it's only recommended to do this in genuine emergencies.

Valuing collateral

Before an asset can be put up as collateral, it needs to be valued. Lenders usually conduct an assessment and appraisal review process to determine the market value of an asset. Unfortunately for borrowers, their asset's assigned value is more likely to be closer to its fire sale value than to its fair market value. According to Ward, this is because "in a situation where the lender needs to sell the pledged collateral assets to recover the amounts loaned, they may underprice the assets for quick sale."

It's ultimately up to the lender to decide whether an asset qualifies as collateral. If lenders feel the assets do not have much value, or that the risk of defaulting is high, they will set a higher interest rate on the loan.

The takeaway

Lenders absorb less risk by asking for collateral. Because of this, secured loans are often one of the only options for borrowers with poor credit. Though borrowers risk giving up property or business assets to lenders if they default, putting up collateral can come with the advantage of lower interest rates and higher borrowing limits. If you need a loan, contact your financial institution and ask them to walk you through all of the options best suited for you.



Triple Jingle is Back!

*APR = Annual Percentage Rate. Some restrictions apply. Must apply online and meet lending guidelines to qualify. Limited time offer. Promotion is subject to change without notice.

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

Cybersecurity



Last month was Cybersecurity Month. PSCU is dedicated to helping you #BeCyberSmart. Click here to check out our blog on how to protect yourself from cyber predators.

Swipe and Sign

*No purchase or transaction necessary to win. Open to PSCU debit card cardholders who are legal US residence, 18 or older at time of entry. See full official rules for alternate method of entry and odds of winning. Subject to full official rules at www.PSCUnow.com. Void where prohibited. Sponsor: Public Service CU 7665 Merriman Road, Romulus MI 48174

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

Closed Dates



2021 Board of Directors Elections



Considering running for the PSCU Board of Directors? Elections will be held during the Annual meeting on January 26th, 2021. If you would like to run for a Board position, you can pick up a petition from Donna Follbaum at the Administration office. The petition must be returned no later than December 10th, 2020 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 Dale Reaume and Charles Lowler.

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

We would like to encourage your attendance and participation.

Real Estate Trends You Need to Know

Trends dominating the real estate market

The real estate market is an ever-evolving entity subject to buyers' wants, sellers' needs and the state of the economy. These influences can make selling or buying a home exceptionally complicated. That is why you need some insider information. When you are shopping for a new home or getting ready to put your home on the market, remember the following real estate trends.

Less DIY, more turn-key

In the past, buyers were willing to see past outdated decor, worn carpet or a closed-in floor plan, eager to update a home to their preferences, according to Better Homes & Gardens writer Kit Selzer. Now, buyers are eager to keep their tool belts, construction team and design skills packed away. In the BHG's first Home Buyer Study, 52 percent of the respondents said their ideal home purchase would be free of major renovations and repairs or be a new home build.

Skipping past starter-homes

Traditionally, first-time homebuyers opted for a starter home, a dwelling they would outgrow in a few years once their families and/or incomes grew. According to the BHG study, millennials are jumping past the starter home stage.

"Typical starter-home buyers are now investing in higher-end homes, and 42 percent of millennials (those born between 1981 and 1996) surveyed wanted their first home to be their dream home," reports Selzer.

Inspired to entertain

A kitchen can make or break a sale. Buyers covet a well-designed kitchen with features like large islands and high-end appliances that make entertaining easy and attractive.

"The majority (66 percent) selected a state-of-the-art kitchen as their most desired luxury. Not even an outdoor pool or a theater room beat out the ideal kitchen," according to Selzer.

Seller's market

Unfortunately, a healthy down payment, strong offer and a good credit score do not equal an easy sale. Even if you can find a house you want to buy, you will most likely be competing with other interested buyers.

"Although mortgage rates hover at historic lows, potential buyers are battling low housing inventory and higher prices, an issue that has plagued house-hunters in recent years and is showing no signs of letting up," according to USA Today writer Jessica Menton.

Virtual tours

Although not every real estate listing includes a 3D home tour yet, you are likely to see the option more often, according to NerdWallet writer Holden Lewis. The feature allows you to tour as many homes as you want from the comfort of your home. It is more interactive than clicking through a slideshow of photos and helps you whittle down your list, saving you a lot of legwork. Some 3D tours allow you to check out the neighborhood, too.

Whether you are in the market to buy or to sell a home, knowing these trends can help make the process more transparent. As a seller, it might be time to focus on some home improvement projects, update appliances and use digital tools to highlight your listing to potential buyers. As a buyer, be cognizant of low inventory, prepare for a bidding war and be clear about what renovations you are willing to handle.



Don't Forget These Hidden College Costs

Don't let these expenses derail your college experience

College costs go far beyond tuition — according to a study by the College Board, 61 percent of college costs go towards expenses other than tuition. While you may begin your academic career expecting to pay for books, room and board, you'll also have to make room in your budget for your lifestyle, class fees and transportation, among other factors. Here's an overview of what to look out for.

Hidden class fees

Many classes come with unexpected fees. Chemistry and biology classes often charge lab fees, and you'll have to pay for your own safety gear, like a lab coat and goggles. But future scientists aren't the only ones expected to dish out some extra dough — these fees can also hit students in the visual and performing arts. Therefore, artists should make room in their budgets for necessary supplies and studio time. On top of these expenses, Business Insider contributor Brittney Laryea explains that some online classes come with unexpected fees. If you can't find information on whether or not a class comes with an additional fee, contact the instructor or ask your advisor.



Social life

Socializing is an integral part of the college experience — and it can easily become a massive drain on your bank account. When you're going to bars with your friends, paying for dates, ordering pizza and attending events, the expenses add up quickly. But the price of the college social experience doesn't stop there — according to Cheatsheet contributor Megan Ellis, Greek life can also get expensive. In addition to yearly membership fees, you should also plan to cough up some money for gifts, merchandise, events and potentially, infractions for policy violations like missing a meeting. If you're looking to tighten up your budget without missing out on fun, see what kind of discounts you can get with your student ID. Your student status may entitle you to free admission at some museums or allow you to receive discounts at movie theaters and restaurants.

Transportation costs

If you're commuting to campus, factor in how much it will cost you to drive to school. In addition to paying for fuel, you'll also have to pay for insurance and an on-campus parking pass. Dorm-dwelling students shouldn't ignore these costs, either — if you have a vehicle, you'll likely have to buy an overnight parking pass for it. And even if you don't have a car, you'll still need some mode of transportation. Take this into account by budgeting for bus fare, ridesharing services or rental vehicles. To cut your transportation costs without sacrificing mobility, travel author Erin Gifford suggests checking out services like Megabus, Bolt Bus and College Carpool.

Medical care

Unless you're covered by an existing health plan, you may have to purchase healthcare coverage from your university. Business Insider explains that many colleges automatically enroll students in healthcare coverage, regardless of whether they're currently insured. If you don't want to get stuck with the bill for redundant insurance, you can waive your participation. However, you'll probably have to submit documentation to prove that you have sufficient coverage. If you aren't insured, you don't have to purchase coverage through your educational institution — you can probably get a better deal through a state or federal health insurance marketplace.

Want to learn more about managing your college expenses? Speak with your family, a financial advisor or your university's financial aid department for more guidance on navigating fees and expenses.

How to Stay Motivated When You Don't Want to Work Out

Tips for meeting your fitness goals

Staying motivated to work out can be difficult, especially during short winter days. If you're struggling to stick to your fitness plan, be sure to follow these tips and tricks for making exercise a part of your daily routine.

Have a support system

When you're the only one holding yourself accountable, you may find it difficult to stay motivated and have no qualms about skipping a workout. To combat this issue, exercise with a friend or family member. Whether you make plans to run with a friend at the park or join the same virtual fitness class as your sibling, you'll be able to motivate each other during the workout. In addition, you won't want to miss a fitness session since doing so would mean canceling on your loved one as well.

If you prefer to work out alone but still want the encouragement of your friend, share your fitness goals with each other and agree to call each other when you need some inspiration. Another option is to seek the help of a personal trainer. Personal trainers have the experience and knowledge to provide useful advice, keep you accountable and create a personalized regimen to suit your needs.

Modify your routine

If your motivation has begun to wane after months of working out, sometimes all it takes is a change of scenery to feel enthusiastic about exercising again. Work out at a new location every so often to keep your routine fresh and exciting. Outdoor spots, in particular, are great since they provide a break from electronics and other stressors.

