

January 2023

## *Saving By Reducing: How Lowering Your Debt Can Save You Money*

You may not realize it, but by paying down your debt, you ARE saving! Actively reducing your debt means you're saving on interest, avoiding late fees, and maintaining or increasing your credit score. On this day, we'll focus on why paying down debt should be acknowledged, utilized, and celebrated as a form of saving and a component of your financial plan.

### **How Does Reducing Debt Help You Save?**

Consumers often think saving and reducing debt are two separate goals that must be done simultaneously or that saving money is more important than lowering debt. However, that is not always the case. By ignoring your debt load, you could inadvertently keep yourself stuck in a bad financial position. This is mostly due to the high-interest rates and your regular payments barely touching the principal balance—keeping your debt high and prolonging your payments to the creditor. Equifax (and other credit reporting companies) suggest focusing on paying down any high balance and/or high-interest rate debt while contributing minimally to a high-interest rate savings account. By reducing debt, you will be able to save more sooner instead of continuing to barely save, while barely making a dent in your debt. As you reduce your debt, you can increase your savings.

### **A Real-Life Example: Pat & Terry**

Let's say Pat and Terry both have a \$10,000 personal loan with a 10% APR, a minimum monthly payment of \$213, and a term of 60 months. Each has \$600 to allocate to debt or savings each month. Pat decides to prioritize saving and only makes the minimum payment each month, putting the extra \$387 in a high-interest savings account with .5% interest.

Terry decides to prioritize paying off the loan by paying \$500 each month and saving the extra \$100 in a high-interest savings account with .5% interest. At the end of 5 years, Pat would have paid about \$12,780 on the loan and saved \$23,517.52. On the other hand, Terry would have paid off the loan in 22 months, rather than 60. Now during those 22 months, Terry would only save about \$2,200. However, after that period, Terry could then deposit the full \$600 into their savings account each month. By the end of the five years, Terry will have saved \$25,232.05. This example shows that paying down your debt faster may lead to a significant increase in savings over the long-run.

### **When To Prioritize Debt Over Saving**

If you have high-interest-rate consumer debt, you would likely benefit from paying down the debt rather than savings. By doing so, you may significantly increase your financial return, more so than you would investing in the stock market or using a savings account. However, there may be situations when saving should come before reducing your debt, such as having a 401(k) matching program with your company, lower interest rate debt, or student loans that can be deferred interest-free for an extended period of time.

### **How To Do It**

If you have decided to reduce your debt to maximize your savings down the line, the best way to determine how much to pay towards your debt is by creating a budget. You'll be able to see how much extra income you have at the end of each month.

## Should We Reconsider What "Retirement" Means?

*The notion that we separate from work in our sixties may have to go.*

An executive transitions into a consulting role at age 62 and stops working altogether at 65; then, he becomes a buyer for a church network at 69. A corporate IT professional concludes her career at age 58; she serves as a city council member in her sixties, then opens an art studio at 70.

Are these people retired? Not by the old definition of the word. Our definition of "retirement" is changing. Retirement is now a time of activity and opportunity.

**Generations ago, Americans never retired - at least not voluntarily.** American life was either agrarian or industrialized and formalized retirement was not something they would have recognized. Their "social security" was their children.

**After World War II, the concept of retirement changed.** The typical American worker was now the "organization man" destined to spend decades at one large company. Americans began to associate retirement with pleasure and leisure.

**By the 1970s, the definition of retirement had become rigid.** You retired in your early sixties because your best years were behind you, and it was time to go. You lived your remaining years with an employee pension and Social Security checks, and the risk of outliving your money was low. Turning 90 was remarkable, much more than today.

**One factor has altered our view of retirement more than any other.** That factor is the increase in longevity. When Social Security started, retirement was the quiet final years of life; by the 1960s, it was a sort of extended vacation lasting 10-15 years; today, it can be a decades-long window of opportunity.

**Working past 70 may soon become common.** Whether by choice or chance, some may retire briefly and work again; others might rotate between leisure periods and work for as long as possible. Working full-time or part-time not only generates income. Another year on the job also may mean one less year of retirement to fund.

Perhaps we should see retirement foremost as a time of change - changing what we want to do with our lives. Preparing for change may be the most responsive move we can make for the future.



Would you like to discuss investments or your financial goals? **Reach out to Bill Anderson at 636-222-7585.**

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### About Bill

Bill has been a financial advisor since 2012, focusing on creating a client-centric experience by providing education, organization, objectivity, proactivity, accountability, and partnership. In 2012, Bill started his financial services career at Edward Jones, providing investment services, retirement planning, protection strategies, estate planning opportunities and education savings plans for almost six years. In April of 2018, Bill moved his practice to Huntleigh Securities to provide a more customized client experience for his varied clientele and continue to grow professionally. Since then, Bill has continued to grow his services and practice, and has expanded into offering services and advice to Gateway Metro Federal Credit Union members.

Upcoming Events  
+ Holidays



Jan 16th  
Feb 20th

Closed - Martin Luther King Day  
Closed - Presidents Day

Stay tuned to Under the Arch for an exciting announcement about a **NEW South County branch!**



## LOAN RATES

EFFECTIVE January 15th, 2023

### VEHICLE LOANS

*The following are approx. payback terms.*

**AS LOW AS**

Up to 36 months	4.00% APR*
37 to 48 months	4.75% APR*
49 to 63 months	5.25% APR*

### OTHER LOANS

**AS LOW AS**

Mortgage	<a href="#">Click for current rates.</a>
Share Secured	2.01% APR*
Stock Secured	9.25% APR*
Signature Loans	7.99% APR*
Personal Line of Credit	12.90% APR*

\*APR=Annual Percentage Rate. Rates are subject to change, and terms and conditions apply. Our website contains the most current rates. Contact GMFCU for complete details. NMLS# 410276

## LOST CREDIT/DEBIT CARDS



If your GMFCU credit or debit card is lost, stolen or if you suspect unauthorized use, please call:

CREDIT CARD (800) 558 3424 | 24/7  
DEBIT CARD (314) 621 4575 or  
(800) 621 4828 during business hours or  
(800) 472 3272 | 24/7

## Continued from Page 1: Saving By Reducing...

Your regular minimum debt payment should be counted in your expenses so that the extra money is genuinely "extra." Then decide how much money you feel like you are comfortable paying extra balanced with how little you are comfortable saving each month. If you already have an emergency fund, you can probably pay more and save less. However, if you are still working on growing an emergency fund, you may want to pay extra on the debt but save more until you have a small emergency fund. If you have multiple debt accounts, pick one to focus on first. Some people may choose to focus on the account with the highest interest rate, or they may choose to focus on the smallest balance to eliminate one payment faster. It's up to you to decide what proportion of debt repayment versus savings makes the most sense for your situation.

### Get Advice

If you still aren't sure what option makes the most sense for you, consult someone who can help. A free financial advisor, a tax accountant, or a private financial expert are all excellent choices. There are also free calculators and tools online that can help you figure out how long it will take you to pay off your debt, as well as how much you can save over time. You should never feel like you have to guess how to use your money best. By seeking extra help, you can drastically improve your financial situation.

## *Judith A. Lowe Scholarship: \$1,000*

Later this month we will begin accepting applications for our Judith A. Lowe Scholarship. We will be announcing our deadlines and essay topic soon. Please continue to check our website and follow us on social media for 2023 scholarship information.

### Some things to remember:

- Applicant must be a GMFCU member as of 12/31/2022
- Applicant must be a graduating senior in 2023
- Applicant will need to complete application and write an essay
- Applicant will need professional references from teachers, managers, coaches, etc.



## Ring in the New Year with a New You

Don't forget the easiest way to quickly send money to friends and family is Zelle! Paying the babysitter, reimbursing a friend for coffee and sending birthday money to family is as easy as knowing their email address or phone number.

Locate Zelle in the Gateway Metro mobile app today!





# Is This the Year to Become a Home Owner?



Life can be filled with lots of big events. You could be planning to move or add to your family. Does 2023 hold a big life event for you like buying your first home? Gateway Metro has an educated, helpful Mortgage Team to help you with financing your new home. We provide personal experiences geared to assisting you find the mortgage loan that fits best with your lifestyle and budget!

## Two popular mortgage loan options are:

### Fixed rate mortgages

Fixed rate mortgages are the simplest. Your principle and interest portion of your payment will not change over the life of your loan because your interest rate will not change.

### Adjustable rate mortgages (ARMs)

Offer a lower starting interest rate and therefore, a lower monthly payment. Your rate and your payment may change, though, as time goes on.

To learn more about Mortgage loan options and current rates, visit our Mortgage Center online: [Mortgage Center](#)  
Want to speak to someone from our Mortgage Team? Give us a call at 314-621-4575

## Get Your Finances Organized Right From the Start With

### Online Banking



Cheers to better financial management! Ring in 2023 with online banking that makes it easy for you to pay bills, create financial goals and make budgets.

Sign up for **Bill Pay** to easily schedule your upcoming bill payments and set reminders of when bills are due.

Utilize **Trends** to create custom budgets, view finances from all your accounts (even non-GMFCU ones) and set financial goals to keep your savings on the right track.

Learn more and watch helpful videos about our Online Banking and its features, visit our Online Banking Information Center: [Online Banking Information Center](#)

## Save Smarter This Year with Save to Win

Get your 2023 savings started out right with Save to Win! With our Save to Win share certificate, you can gain entries into a free drawing every month! You could win up to \$5,000 just for saving money. Each \$25 deposit\* you make into your Save to Win certificate will gain you an entry.

That's all you have to do!

Want to learn more about the Save to Win program? Visit our website: [Save to Win](#)

## Congratulations to our November winners!

Earl S.  
\$25

Maria V.  
\$25

\*Limit to 10 entries per month.

**Earn  
3.65%**



# Earn More Cash Back With Rewards 365 Now Earning 3.65%

It is a New Year, make every day count with Rewards 365 Checking! We recently increased the rate to **3.65%\*** so you can earn more cash back. Now that is a great way to kick off the New Year! Learn more about Rewards 365 online: [\*\*Rewards 365\*\*](#)

\*Rewards based on current APY on up to \$2,500. Other terms and conditions apply.

## Closer Look: How Trends Can Help You

Lets take a closer look at Trends. It can help you get or stay on track with your financial goals in the New Year.

Create budgets to plan where your money goes and see an overview of your finances in one place. You can connect all your financial accounts, you are not limited to those at GMFCU.

Create a savings goal and track your progress. Does your summer vacation cost \$3,000? A savings goal can help you get there!

View charts and graphs to see your spending habits and make adjustments to utilize your funds better.

Easily keep up to date by accessing Trends in your GMFCU online banking or on our mobile app!

*Trends is free for members!*



Watch our Trends video to see all the ways you can keep your finances in check this year.

[Watch Trends video.](#)

## 10 Great Tips to Keep Your New Year's Resolutions



- #1: Choose a specific goal.
- #2: Limit your resolutions.
- #3: Put time into planning.
- #4: Start with small steps.
- #5: Avoid repeating past failures.
- #6: Remember that change is a process.
- #7: Get support.

- #8: Renew your motivation.
- #9: Keep working on your goals.
- #10: Learn and adapt.

Get more in depth with these tips by reading the full article. [\*\*Click here\*\*](#) to read the full article now.

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