



April 2024

What Are the Different Types of Debt?

For better or for worse, debt is a common part of life. Borrowing can make it possible to buy a home or car, attend school and finance other large purchases. And while debt can be useful for achieving all types of financial goals, it can also become a large burden if you take on debt for the wrong reasons or without fully understanding what you're agreeing to.

Not all types of debt are created equal, however, and different types of debt are useful for different ends. To ensure what you borrow works for you, not against you, here's a breakdown of the main types of debt and what you need to know about each.

What Is Debt?

Debt is money you borrow and then repay to another party, often called the lender or creditor. When you take on debt, you usually agree to a contract specifying when you'll repay the debt, plus how much interest and other fees you'll be charged in exchange for borrowing.

Debt can be a useful way to achieve goals such as buying a home, going to college or financing a car, and different types of debt are best suited toward specific purposes and goals. Sometimes, this distinction is fairly obvious; while you can use a credit card to buy groceries or shop for clothes, you can't use one to buy a house. And in the same vein, you can't generally use a car loan to pay for goods and services.

But sometimes, the different types of debt and their best uses are a bit less obvious. Understanding the various categories of debt is important for being an informed borrower.

Secured Debt vs. Unsecured Debt

All debt is either secured or unsecured. These two types of debt work differently—and have very different consequences in the event of a loan default.

What Is Secured Debt?

A secured debt is a loan that's backed by some form of valuable property, known as collateral. In other words, taking on a secured debt requires you to put a piece of property on the line, typically a house or a car. If you stop making payments, the lender can seize the property you've offered as collateral.

Examples of secured debt are home mortgages and auto loans. These debts are tied to the value of the car or home you purchase with the loan. If you stop making payments, the lender can repossess the property tied to the loan. In the case of a mortgage, this is called foreclosure.

What Is Unsecured Debt?

An unsecured debt is a loan that isn't tied to any collateral. Credit cards and medical bills are common examples of unsecured debt. Oftentimes, personal loans are also unsecured debts, though some personal loans do require collateral.

Secured vs. Unsecured Debt

Whether to take out a secured or unsecured loan isn't always a matter of choice. In the case of auto loans and mortgages, the property you're financing with the loan is itself the collateral, so mortgages and auto loans are always secured. In other cases, whether to get a secured or unsecured loan often comes down to what you can qualify for based on your creditworthiness, income and other factors.

Unsecured debts are riskier for lenders because they have less ability to recoup their investment should you stop paying. For that reason, unsecured debts often have stricter credit and income requirements. If your credit is low, you may only have the option to get a secured loan. Making on-time payments can help you broaden your future borrowing options.

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When you have the option, you might choose to take out an unsecured loan so you don't have to put your home or car on the line. On the other hand, secured debts often offer lower interest rates than unsecured debts. If you're confident you'll be able to afford payments, you may find this to be the more attractive option.

Revolving Debt vs. Installment Debt

When it comes to how you borrow and repay debt, there are two main types of credit and repayment structures: revolving debt and installment debt.

What Is Revolving Debt?

Revolving debt is a type of debt, such as a credit card or home equity line of credit (HELOC), that allows you to repeatedly borrow and repay money up to a set credit limit. You can charge purchases up to the limit, then repay your balance—usually with interest—with some flexibility. Typically, revolving debts have a set minimum monthly payment, and you'll accrue interest on only the balance you carry. Revolving debts typically have variable interest rates.

What Is Installment Debt?

An installment loan is a loan you receive in a lump sum and then repay with set terms, typically in equal installments with a fixed interest rate. Common examples of installment debt are personal loans, student loans, mortgages and auto loans.

Revolving vs. Installment Debt

For any type of revolving debt, the major benefit is that you can access and repay your debt flexibly, and you'll only pay interest on what you owe. And as you repay your balance, you can continue to use the credit you free up.

As long as you pay at least the minimum due each month, you'll be able to keep your debt in good standing and pay it off on your own timeline. For example, you can use your credit card for everyday spending on bills and groceries and pay off your purchases with your next paycheck. It's usually best to pay off revolving debts as soon as possible, though, as interest can accrue quickly.

Installment debts can also be an attractive option in some cases because they typically offer fixed interest and a predictable monthly payment. They can also offer lower interest rates than some revolving debts. For example, when you use a debt consolidation loan to pay off a credit card debt, you're converting a revolving debt into an installment debt—ideally with lower interest.

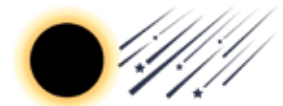
The Bottom Line

Being an informed borrower can help you keep debt working in your favor, rather than becoming burdensome. Build up a working knowledge of the types of debt and how they work before you apply to borrow. That way, you can feel confident that you're applying for the right type of credit for your goals.



Upcoming Events & Holidays

- Apr 27th Recycling Event @ North | 9-11:30am
- May 18th Paper Shred @ South | 9-11:30am
- May 27th Memorial Day | CLOSED



April is a Month for Outer Space!

This year we had the solar eclipse on April 8th but did you know, April is a great month for meteor showers? One of which is the Lyrids meteor shower, which appears from April 16th to April 26th each year. There's another one called the Eta Aquariids meteor shower that can be seen onwards from April 21st.

LOAN RATES

EFFECTIVE April 15th, 2024

VEHICLE LOANS

The following are approx. payback terms.	AS LOW AS
Up to 36 months	5.95% APR*
37 to 48 months	6.25% APR*
49 to 63 months	6.95% APR*

OTHER LOANS

	AS LOW AS
Mortgage	Click for current rates
Share Secured	2.01% APR*
Stock Secured	9.25% APR*
Personal 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

Meet The Community: Champion Yarnell Herron

Written by Jeri Peterson

This month's Champion Yarnell joined Gateway Metro's Mortgage Department over four years ago. Amy Gartner from our Automated Services and Electronic Services team submitted this nomination. She says day-to-day Yarnell demonstrates our value: *"We will work as one team, throughout the organization, to ensure member loyalty."* She also shares, *"Yarnell works hard to make the mortgage application process go as smoothly as can be for our members."*

Yarnell demonstrates the mission of Gateway Metro Federal Credit Union: Helping People Realize their Financial Potential by being sure members have the information they need in a timely manner to get all required documentation submitted and processed.

Amy wants you to know, *"Yarnell has a warm smile that can be heard even through the phone."*

Way to set an excellent example Yarnell! Check out more on Yarnell in our Member Testimonial, one of our members gave her an amazing shout out!



Yarnell H. - Mortgage Loan Processor

Cruise Straight Into Spring

Looking to get pre-approved for an auto loan while spring is fresh in the air? Gateway Metro has you covered, so you can be cruising with the windows down in your shiny new car in no time!

If you like consistency, you've come to the right place. Here at Gateway Metro, we have fixed rates, starting at 5.95%*, so you don't have any surprises when it comes to your auto loan.

Get your new set of wheels with our help by applying for a loan at gogmfcu.org/loans or visiting one of our local branches.



*Must be eligible for membership with GMFCU. Must qualify for loan based on credit worthiness. Rates current as of 4/1/2024 and are subject to change. Actual APR will be determined at the time of loan approval based on your credit, loan amount and term. Not all applicants will qualify for the lowest rate.

Save Big With Save to Win

**Congratulations to our
February winners!**



This is a safe and fun way to save money at your own pace with the perk of being entered into a FREE drawing to earn more money! Every \$25 you save each month qualifies you for one entry.

You could win \$25 - \$1,000 as a monthly winner or even up to \$5,000 if you are a Quarterly winner, wow!

Learn more about Save to Win online at goGMFCU.org

*Limited to 100 entries per month.

Testimonials: What You Have to Say

Written by Jeri Peterson & Gateway Metro Members

The Gateway Metro Federal Credit Union team is committed to serving our members and our community. We choose to stand out from other financial institutions by being member-focused, relationship-focused and fiscally responsible advocates. We build authentic relationships, adhere to rigorous professional training and are mindful that this is your credit union we take care of every day. Sharing some of the meaningful acknowledgments and memorable testimonials we receive from members of the Gateway Metro family is an honor.

My Gateway Metro Mortgage Experience:

Ms. Yarnell (loan processor/closer), you are what EVERYONE is seeking to work with in the World we live in today! Thank U so much for your Professionalism, Patience, Integrity, Kindness, Honesty, Compassion, Empathy, and Overall a Genuine Outstanding Leader for GMCU! I couldn't have gotten through this without your Top Performance as a Human Being.

Thank U So Much from the bottom, in the middle and the top of my Heart.

May God Bless U and your Family giving U the desires of your Heart.

M Simmons, member since 1991

*We will continue to take a few moments to feature **What You Have to Say** to let you know how much your words and deeds of kindness add to the growth of the Gateway Metro culture and community.*

If you would like to be considered to share your Gateway Metro Experience, please contact us at marketing@gmfcu.org.

Home Equity Line of Credit

With April showers upon us, why not shower yourself with the gift of that home renovation you've always wanted to start. A Home Equity Line of Credit with GMFCU can give you the financial freedom to do just that.

If you have equity in your home, tap into it, you worked for it! Borrow up to 90% of your home's equity so you can make your goals a priority this spring.

Apply for a HELOC at gogmfcu.org/heloc today and give back to yourself.

Must be eligible for membership with GMFCU. Must qualify for loan based on credit worthiness.



Know Your Score With Credit Sense!



When's the last time you checked your credit score? With Credit Sense, you can do that and so much more!

Utilize the vast resources offered in Credit Sense to educate yourself on how to improve your credit score. This feature is free for members and easy to use.

Explore Credit Sense and how it can help you by visiting the online banking center at gogmfcu.org

Must be eligible for membership with GMFCU. Must be a current member of GMFCU and be signed up for GMFCU Online Banking to use Credit Sense. Checking your credit score with Credit Sense will not affect your credit score. Credit scores are calculated using various data points such as payment history, amounts owed, length of credit history, new credit, and credit mix. Your credit rating does not guarantee approval of other Gateway Metro financial services such as loan approval, loan rate, or credit card upgrades.

Eight Ways Gateway Metro Serves Our Younger Members

Written by Jeri Peterson

Take a moment to check out how your credit union invests in members, newborn to young adult:

1. We deposit cash into Clubhouse Crew accounts for completed Crew's News activity sheets brought into a branch by the youth member, with an adult's help when needed. Each season we display twelve artist-members' artwork on our website: [Clubhouse Crew Youth Activities - GMFCU](#)
2. We reward good grades twice a year with our Pays for A's programs. Receive up to \$10 for ages 12 and under and up to \$20 by participating in the Advanced Pays for A's program for ages 13 to 17. Show your Report Card to our friendly MSRs to cash in your amazing A's.
3. We pay a 10.00% dividend on the Early Foundation Certificate up to \$1,000 for qualifying members ages 10 to 17, with a \$100 minimum deposit.
4. We make available Visa Debit Cards for teens age 13 to 17, with a parent/guardian's signature.
5. We have the Coverdell Education Savings Account. Anyone under the age of 18 can have one account opened for them. The youth member can use the account until age 30.
6. We award a \$1,000.00 scholarship to a youth member who is college or vocational school bound. Have your high school junior put a reminder on their phone to apply in their senior year.
7. We provide low interest private students loans to help close the gap left over after scholarships and federal loans are accepted. We also refinance college loans.
8. We continue to encourage smart ways to save into adulthood with the \$ave to Win® Certificate. Every \$25 deposit is another chance to win prize money while earning dividends. Member must be at least 18 years of age to participate. Winnings range from \$25.00 to \$5,000.00.

Gateway Metro is here to serve. Ask about these opportunities. Spread the word!

Trivia Night: Good Cause

Enjoy a night of trivia and prizes all while supporting a local cause, LoveU2Pieces. This event is hosted by Gateway Metro's community service project, The Butterfly Project.

Trivia, silent auction, 50/50 and more will be held at this event.

Reserve your table early to take advantage of the Early Bird Special! Reserve by June 30th, 2024 and your table is only \$175.

Up to 10/people per table.
\$250/table after June 30th, 2024.
RESERVE TODAY by contacting ButterflyCommittee@gmfcu.org

August 3, 2024 | 6pm
Crestwood Community Center | Whitecliff
Park
9245 Whitecliff Park Ln Crestwood, MO 63126



North County Recycling Event

Spring into action and join us at our kick off Recycling Event at North County! Come to our North County location and we can help you with your spring cleaning! Bring your unwanted documents and electronics to have them securely destroyed.*

Come play our prize game, enjoy some refreshments and enter to win a Spring Basket Giveaway! Giveaway includes: \$100 Home Depot Gift Card, \$50 cash and a 36 oz Yeti Tumbler! We will have auto loan and personal loan specials and bring in a new member to open an account. You can both earn a cash back bonus!

Princess Stormm from HOT 104.1 will be here to say 'hi' to everyone!



2129 Charbonier Rd.
Florissant, MO 63031

April 27th
9am - 11:30am

You could win:



We will be collecting monetary donations on behalf of LoveU2Pieces. LoveU2Pieces works with individuals with autism ages 3 - 17 to develop confidence, self-awareness, awareness of others, and effective coping strategies for self-regulation and social interaction.

Learn more about LoveU2Pieces online at www.loveu2pieces.org

*Most electronic items are free but some may incur a small fee. This is collected by the vendor on event day. Visit our Event Page online for full details and fee chart. Each person is limited to 5 boxes of personal documents for shredding. Individuals with business shred may be declined so others in need of personal document shredding can be serviced.

New South County Branch Now Open!

South County now has drive-thru ATM and Interactive Teller Machines so you can easily complete transactions or speak to a teller without leaving your car! South also has a night drop, safe deposit boxes and instant issue debit card services.

Our new South County branch is located at 9992 Lin Ferry Rd, St. Louis 63123. This new branch has replaced our Affton location and has additional services that Affton was unable to provide.



Follow us on social media to stay in the Gateway Metro loop!

Informative articles, branch closures, upcoming events, contests and more!



goGMFCU.org | 314-621-4575 | 800-621-4828
NMLS #410276

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