

# UNDER THE

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Gateway Metro Federal  
CREDIT UNION  
Since 1925

## SAYING “I DO” TO HOMEOWNERSHIP: HOW TO PREPARE FOR THIS BIG COMMITMENT

Buying a home is a major commitment. It's a bit like, well, getting married: you've got to be ready and you have to find the right “one.” And, like a marriage, homeownership is a dynamic experience that requires a tremendous amount of care and attention.

If you are ready to shift from renter to buyer, you've got some legwork to do. Here's how to prepare:

### **Credit matters**

Quite simply, the past can either haunt or help you. If your debt-to-income ratio is too high, financial institutions will likely be wary of extending you another loan. If you have had problems repaying past obligations, a lender will have trouble trusting that you will pay your mortgage on time.

You can increase your FICO score (a credit scoring model that helps lenders assess risk) by reducing debt, making timely payments, not shopping aggressively for credit, having a variety of credit instruments, and keeping at least one credit card for a long period of time. Significant improvements can be made in as few as six months.

### **Understand what you can afford**

Most lenders require that total housing costs not exceed 28% of gross monthly income, and total debt payments per month (including the mortgage) not surpass 36%. In real terms, this means that if you owe no consumer debt and have a household income of \$75,000, then \$1,750 in housing costs is within your range.

### **Accumulate cash**

If you don't have at least some cash in your coffer, start a savings plan now. How much you will need depends on many factors, including the home price and how much you will put as a down payment. Closing costs, points, moving expenses, and a post-purchase reserve fund of two to three months worth of housing payments can add up to many thousands of dollars.

Once you own your home, you may eventually want a bigger or better living space. Rather than purchase a new residence, first consider remodeling. You can add rooms and customize your home to meet your needs and desires without having to move. Yet while remodeling can be wise, it can also be stressful and expensive. Be careful when hiring someone to do the work for you.

A contractor you hire should:

- Be licensed
- Carry general liability insurance
- Carry workers' compensation insurance
- Provide you with a written waiver at the end of the job
- Guarantee work for at least one year from date of completion
- Provide you with references
- Be financially sound, so won't declare bankruptcy in the middle of your project
- Can provide proof that he or she has completed similar projects
- Ensure that the price includes removal of all job debris and full clean up



So how are you going to pay for those fabulous improvements? There are three basic options: cash, refinancing, and using home equity.

- **Cash:** If the job is small or short term, paying with cash is often the best method. A nice advantage of using savings is that you won't have to repay a loan for the work that is done. When using cash, be sure to pay in agreed-upon increments.
- **Refinancing:** Swapping a higher interest mortgage for a lower interest one can free up money for the project. You can refinance your existing mortgage and take all or part of your current equity in cash. Keep in mind though, that it will only be cost effective if you plan on remaining in the home long enough to recoup the closing costs and other fees associated with refinancing.
- **Home equity:** Using home equity can be a great way to make major improvements – and get a tax benefit of interest deduction at the same time. To tap into your home's equity you can get a conventional second mortgage, a home equity loan, or a home equity line of credit. Second mortgages and home equity loans are best for large, long-term projects that require lump sum payments, while home equity lines are good for short-term projects or those requiring incremental payments.

Finally, remember that a home is not only where the heart is—it is also where the money is. You can get the most from your relationship with real estate by giving it the time and attention it requires, just like a marriage.

# DO OUR BIASES AFFECT OUR FINANCIAL CHOICES?

*Even the most seasoned investors are prone to their influence.*

Investors are routinely warned about allowing their emotions to influence their decisions. However, they are less routinely cautioned about their preconceptions and biases that may color their financial choices.

In a battle between the facts & biases, our biases may win. If we acknowledge this tendency, we may be able to avoid some unexamined choices when it comes to personal finance. It may actually “pay” to recognize blind spots and biases with investing. Here are some common examples of bias creeping into our financial lives.

Letting emotions run the show. An investor thinks, “I got a great return from that decision,” instead of thinking, “that was a good decision because \_\_\_\_\_.”

How many investment decisions do we make that have a predictable outcome? Hardly any. In retrospect, it is all too easy to prize the gain from a decision over the wisdom of the decision, and to, therefore, believe that the findings with the best outcomes were the best decisions (not necessarily true). Putting some distance between your impulse to make a change and the action you want to take to help get some distance from your emotions.

Valuing facts we “know” & “see” more than “abstract” facts. Information that seems abstract may seem less valid or valuable than information that relates to personal experience. This is true when we consider different types of investments, the state of the markets, and the economy’s health.

Valuing the latest information most. In the investment world, the latest news is often more valuable than old news. But when the latest news is consistently good (or consistently bad), memories of previous market climate(s) may become too distant. If we are not careful, our minds may subconsciously dismiss the eventual emergence of the next bear (or bull) market.

Being overconfident. The more experienced we are at investing, the more confidence we have about our investment choices. When the market is going up, and a clear majority of our investment choices work out well, this reinforces our confidence, sometimes to a point where we may start to feel we can do little wrong, thanks to the state of the market, our investing acumen, or both. This can be dangerous.

The herd mentality. You know how this goes: if everyone is doing something, they must be doing it for sound and logical reasons. The herd mentality is what leads many investors to buy high (and sell low). It can also promote panic selling. The advent of social media hasn’t helped with this idea. Above all, it encourages market timing, and when investors try to time the market, they frequently realize subpar returns.

Sometimes, asking ourselves what our certainty is based on and reflecting about ourselves can be a helpful and informative step. Examining our preconceptions may help us as we invest.

Would you like to discuss investments or your financial goals? Reach out to Bill Anderson at 636-222-7585. Content provided by a third party not affiliated with the credit union.

## 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 through Strategic Wealth Advisors.

## 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 hours a day

**DEBIT CARD** - (314) 621-4575 or (800) 621-4828 during business hours or (800) 472-3272, 24 hours a day.

## LOAN RATES

Effective April 15th, 2021

Gateway Metro rewards our members with low rates.

### VEHICLE LOANS

Approx. Payback Term	AS LOW AS Rate
up to 36 months	1.99% APR*
37 to 63 months	2.95% APR*

### OTHER LOANS

	AS LOW AS
Mortgage	Visit <a href="http://GoGMFCU.org">GoGMFCU.org</a> for current rates.
Shared Secure	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

## UPCOMING EVENTS

### SPRING INTO ACTION AND CLEAN OUT CLUTTER!

April 17th: Shred Day @ St Peters | 9am - 11:30am

April 20th: GMFCU Virtual Annual Meeting | 5:30pm

May 15th: Shred Day @ Shiloh | 9am - 11:30am

May 31st: Memorial Day | *All branches closed*

## Loan Problems or Questions?

LET GATEWAY METRO ASSIST YOU WITH ANY LOAN PROBLEMS OR QUESTIONS YOU MAY HAVE. WE'RE HERE TO HELP LOWER YOUR STRESS AND INTRODUCE SOLUTIONS THAT WORK BEST FOR YOU. PLEASE CONTACT US TODAY AT (314) 621-4575 OR [MFC@GMCU.ORG](mailto:MFC@GMCU.ORG)

# \$SAVE WIN<sup>®</sup>

Congratulations to our **February Save To Win** winners!

Being part of our Save to Win won our member a little extra spending cash! Want to know how you can win free money? Visit the official STW website for details: [Save To Win](#)

Qualifying is easy!

**CONGRATULATIONS!!**

Michelle S - \$25

## MORTGAGES

Spring is in full bloom and that means it is the perfect time to start house hunting before the heat of summer hits! We can help you get a mortgage that gives you that easy, breezy feeling for funding your first OR next home!

Visit our Mortgage Center for current rates and terms:  
[Gateway Metro Mortgage Center](#)





Spring is the perfect time to clean up your finances and give them a fresh start. Our Spring Sweepstakes automatically enters you for a chance to win \$1,000 with each qualifying transaction you make. Bill Pay, eBills, Zelle®, and external transfers!

Log in to your account to get started!  
Learn more at: [SpringIntoBetterBanking.com](https://SpringIntoBetterBanking.com)

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THE **WIN** Contest

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Register and participate in the final webinar:

**April:** Building Your First Budget (Youth Webinar) Register [Here](#)  
THURSDAY, APRIL 22, 2021 5:30PM – 6:30PM PST

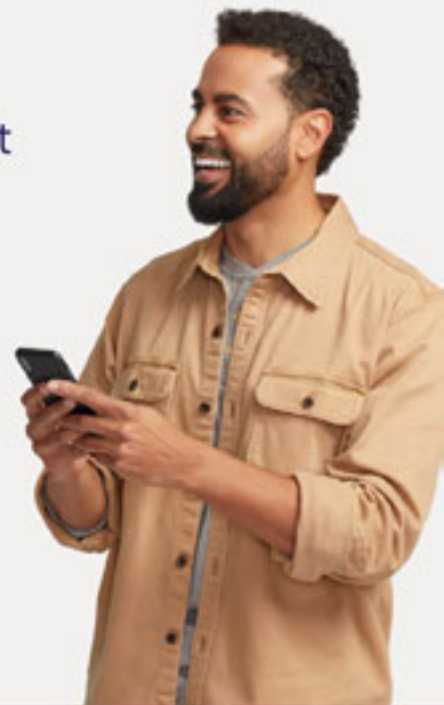
## GATEWAY METRO

wants to help you stay safe when using Zelle®. Always make sure you know the recipient before you send any money through the app!

# FRIENDS & FAMILY SEND MONEY WITH ZELLE®

Send money to their bank account  
in minutes<sup>1</sup> with *Zelle*.

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1. Transactions typically occur in minutes when the recipient's email address or U.S. mobile number is already enrolled with Zelle.

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