NUCOR EMPLOYEE'S CREDIT UNION

JULY 2023

It's a frustrating contradiction: You can't qualify for credit without a credit history—and you can't build a credit history without borrowing. Borrowing is the most common way to build a credit history, but it's not your only option.

Use these tactics to demonstrate to borrowers that you're a reliable credit risk:

- Put services such as utilities, cell phones, and cable in your name.
- Pay your bills, including rent, on time. Get into the habit of ignoring a 5- or 10-day grace period before a payment is considered late—instead always pay on time or early.
- Have parking tickets or unpaid library fines? Pay them promptly and avoid getting any others.
- Use a checking account instead of cash or money orders—the key is to be able to verify your payment history.

You can also talk to a Nucor Employee's Credit Union loan officer about other forms of credit. For example, you may qualify for a secured credit card.

With a secured card, you pledge an amount of money to be held in a savings account, which sets your credit limit. You use the credit card and pay it back while leaving your savings in place. After a time, perhaps a year or two, during which you consistently meet your secured card payments, you ask to convert to a conventional credit card.

A similar option, if you qualify, is to ask for a secured loan. In this case, you receive the loan amount as a lump sum and repay the loan in monthly installments. Again, you're demonstrating that you are a reliable borrower.

It may surprise you, but saving regularly in itself is a good habit to show a lender. It demonstrates that you can make a commitment to regular payments and also shows that you understand that saving comes before borrowing. Many people borrow because they have no savings to fall back on when they have financial needs. If you are already a saver, you show that you are living within your means and saving for your goals. **(1111)**

All these habits together contribute to an "alternative credit history" that substitutes for your lack of a conventional credit record. If you have questions about how to become creditworthy, talk to a Nucor Employee's Credit Union loan officer.

A longer-term loan can make even the most expensive car look affordable.

By stretching out the loan over many years, your monthly payment is likely lower, but you could end up paying a lot more in interest. Still, many people find such loans attractive.

The average new car loan was over 71 months at the end of 2020, according to Edmunds.com. Almost 32% of vehicle loans made in the first quarter of 2021 were for 73 to 84 months (6 to 7 years), according to Experian. **(5103)**

That's well above the standard three- to four-year loan that used to be typical for new car purchases. Here are some of the problems with taking out a longer car loan:

- The longer the term of the loan, the worse your interest is likely to be. Shorter-term loans generally qualify shoppers for a better interest rate.

  For example, say you want to finance a $28,000 car at 8% sales tax, with a loan rate of 3.5% for 60 months, and a trade-in worth $5,000. You will end up paying $2,310 in interest over the life of the loan. Compare that with a 72-month loan. Your interest rate will jump, likely to about 6%, and you'll end up paying $4,878 in interest.
- There's a greater chance you'll end up underwater, meaning you will owe more to the lender than the car is worth. Cars depreciate as soon as they leave the lot, and for the first three years, most cars are worth less than what is owed on the loan. Without a substantial down payment, if you total the car or need to sell it within the first three years, you could end up receiving less than you owe on the loan.
- You're stuck with the car when it begins needing expensive maintenance. If you want to buy a newer vehicle, you likely won't be able to trade in your old car because the remaining balance on what you owe on the car is higher than what the dealer is willing to pay for it.

If you need a longer car loan just so you can buy the car, you probably can't afford the car in the first place. Try to keep the length of your car loan shorter to save money.

Before you go shopping for a vehicle, visit Nucor Employee's Credit Union to get preapproval on a loan. The loan officer will figure out exactly how much you can comfortably afford, at the best rate.

Nucor Employee's Credit Union can also help you If you already have an auto loan from another lender. We can help you refinance to a shorter term and more affordable payment. **(11723)**

Define Your Retirement Before You Set the Date

As you approach retirement, do you plan to work longer than your full retirement age? Before you decide on the date of your retirement, take some time to define the look of your retirement. Think about the intangible benefits you get from work, such as routine, camaraderie, a sense of fulfillment, and being needed. What will it take to stay engaged and energized once that's gone? **(51007)**

Having this picture in mind makes it easier to decide on your retirement date. As you do, avoid five mistakes rookie retirees often make:

1. Working longer than you need to—If you're financially ready to retire, you might think that an extra year will pad your earnings and give you more security. As you do your calculations remember that one more year of work is also one year closer to the inevitable deterioration of your mind and body.

2. Retiring debt without doing the math—In a perfect world, you'll retire debt-free. This is a sensible goal, but take care. When you retire and have less earned income, interest rates may be higher than they are today. Will you be able to qualify for a new loan if you should need one?

3. Being too frugal—Make sure you haven't set yourself up to have more money than time left to enjoy it. If traveling is important to you, will you have the eyes, ears, mind, and knees to enjoy the trips? Likewise, before you undertake expensive home improvements, make sure they're going to benefit you, not just some future owner.

4. Thinking you need to leave a lot to the kids—Your descendants will appreciate any money you leave them, but, if you live to your mid-to-late 80s, your children will be at least middle-aged and your grandchildren could be adults. Consider the value of giving them money now when they probably really need it and when you'll be able to watch them enjoy it.

5. Putting off Social Security benefits to age 70—Conventional wisdom says this is usually the best choice but think through the ramifications.

First, you must live to age 80 or so for the larger Social Security benefit to make up for all the postponed payments. Estimate how long you will live by visiting the Social Security Administration's Life Expectancy Calculator. Check out a few other online calculators to get an accurate picture.

Second, waiting to take Social Security means no monthly checks for the duration. Are you prepared for this change—after earning a regular paycheck for about 40 years? A Social Security check provides regular, predictable payments that help smooth your transition into retirement. **(84046)**

Third, unless you have other, sufficient income, living off savings instead of Social Security means having less money to leave your heirs, for your own emergencies, or to invest if the opportunity arises.

2nd Quarter Rates

stated in Annual Percentage Yield

SHARES

$5.00 – $999.99	0.05% APY
$1,000.00 and up	0.20% APY
IRA's	0.20% APY
Share Drafts	0.05% APY

SHARE CERTIFICATES

6 Month	0.35% APY
12 Month	2.75% APY

LOANS

New Vehicle	3.99% – 4.99% APR
Used Vehicle	4.99% – 5.99% APR

VISA CREDIT:

Premium	9.75% APR variable
Classic	13.75% APR variable
Certificate Loan	2.00% above CD rate
Signature Loan	18.00% APR

APR - Annual Percentage Rate

For more information on terms, please contact the credit union. Rates subject to change without notice.

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