

Somerville's Credit Union NEWSLETTER

FALL 2014



ROLAND DRAPER, CEO

SOMERVILLE MUNICIPAL FEDERAL CREDIT UNION

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HOURS OF OPERATION

Monday, Wednesday, and Friday
9:00 am - 4:30 pm

PLEASE NOTE OUR EARLY AND LATE DAY CLOSING:

Tuesday 9:00 am - 3:00 pm
Thursday 9:00 am - 6:00 pm

Of Course our Virtual Branch, ATM (Automated Teller Machine) locations & automated toll-free telephone banking service at 1-866-412-0716 provide you 24/7 access to your credit union!
Contact us today if you are not enrolled!

HOLIDAY CLOSINGS

Monday, October 13, 2014
Columbus Day

Tuesday, November 11, 2014
Veterans Day

Thursday, November 27
and Friday, November 28, 2014
Thanksgiving Day Observance

Thursday, December 25, 2014
Christmas Day

CEO Message

Risk-Based Lending Policy implemented as of November 1, 2014

The SMFCU Board of Directors recognizes the importance of offering risk-based lending to help as many members applying for loans as possible. The Board also recognizes that certain members represent more of a lending risk than others, especially those applicants who have a history of loan default. As a result this new Risk-Based Lending Policy will allow us to give more loans to more applicants, at competitive rates. As always our loan officers will use prudent judgment in granting loans, and in addition to looking at a credit score (and the circumstances that caused that score) we will also look at debt-to-income ratios, verifiable income, job stability, loan collateral and the provident purpose for each loan request. As in the past, the credit union will not grant loans where the probability of repayment is low or doubtful.

The Risk-Based Lending Policy will only serve as a tool to assist our loan officers in the decision process once a loan has been approved. The scoring model will simply tell us what rate to charge on an approved loan. These credit or FICO scores were developed over many years and after extensive probability testing by the Fair Isaacs Company, a leader in developing credit scoring models. Our Risk-Based Lending Policy will incorporate a loan pricing matrix that will have assigned rates for both unsecured and vehicle loans based on whether the loan applicant has an 'A' rate (FICO score greater than 699), a 'B' rate (FICO score from 650 - 699), a 'C' rate (FICO score from 600 - 649) or a 'D' rate (FICO score less than 600). Your credit union will even consider refinancing our members to a lower rate when their credit score has improved over time and after a successful history of consistent payments with us.

In short the credit union has adopted risk based pricing to be able to become the lender of choice for all of our members by offering the best possible rate based upon each individual's credit history. Less credit worthy members will benefit by qualifying for a loan with SMFCU instead of resorting to a higher cost and riskier loan offered by finance companies. Members with excellent credit may qualify for lower rates that they would typically find at some larger financial institutions or auto dealers. Even those members with no little or no credit, such as first time borrowers, will now be able to more easily establish credit with us.

VISA Gift Cards available effective November 1, 2014!

We will be offering CU-Money Visa gift cards starting November 1st, just in time for the holiday season! These gift cards carry the Visa logo on the front of the card and can be used at millions of Visa merchants worldwide.

In addition they can be used at ATMs and merchants anywhere you see the Pulse or CU24 (pinned based point-of-sale) networks. These cards are non-reloadable but can be loaded initially with any amount from \$10 up to \$1,000, and do not expire for 5 years from date of use.

Unlike a check, which needs to be cashed or deposited, your gift recipient can start using the card the same day they receive it from you. At only \$3.50 per card (which is much more affordable than the high activation fees charged at pharmacies and other retailers for similar gift cards) it is a great gift idea for graduations, birthdays and the holiday season! In addition they can come in handy for both college students and vacation travelers who need cash access but don't want to have the burden and risk of carrying around lots of cash.

Home Depot Breach

On September 2nd, Home Depot's data system had been breached. Customers that used their debit or credit cards from April 1, 2014 going forward could have potentially been impacted. This data security breach was far larger than last year's breach at Target, affecting approximately 56 million debit and credit accounts. There is no evidence of debit PIN numbers being compromised nor are customers liable for fraudulent charges. We have received notification that some of our debit cards may have been compromised by this breach, potentially leaving you exposed to fraud. No incidents have yet been reported but we have notified and will continue to notify those members whose cards are at risk. In addition we have restricted those members debit cards who have been potentially compromised and have issued a new replacement card at no cost to our member. We encourage all our members to check your account activity daily and to notify us as soon as possible if there is any suspicious activity on your account. If you question whether your card is at risk due to this incident feel free to contact us at, 617-625-0898.

You are never too young to start saving!

Starting November 1, 2014 we will be offering special savings accounts just for kids ages 0-18 years old. The purpose of these special savings accounts is to encourage our youth to start gaining smart saving habits and financial responsibility long before adulthood. This incentive program provides our youth with financial literacy as well as a fun alternative to saving their money. We will be offering programs such as earning a dollar for A's on quarterly report cards, prizes for deposits, children's certificates of deposit, quarterly social media contests, and more! We want to team up with parents and start our youth out on the right path to a strong financial future. Come in today and open a SCU Youth account for the children in your life!



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SMFCU Welcomes New Employee Groups!

We are very pleased to announce that the Somerville Garden Club and the Disabled American Veterans (DAV) Chapter No. 27 association members have been approved for membership eligibility to our credit union!

The Somerville Garden Club was founded in 1994 by a group of Somerville residents to promote home gardening as well as the horticultural possibilities of Somerville's public spaces.

The club's 200+ members consist of beginner and experienced gardeners, Somerville residents, and residents from surrounding communities. They encourage and welcome all gardening enthusiasts to participate in their activities.

The Disabled American Veterans have one purpose and that is to empower veterans to lead high-quality lives with respect and dignity. They accomplish this by ensuring that veterans and their families can access the full range of benefits that are available to them.

They fight for the interests of America's injured heroes on Capitol Hill and educating the public about the great sacrifices and needs of veterans transitioning back to civilian life. Membership into the DAV includes access to a wide range of money-saving and life-enhancing benefits for heroes and their families.

Beginning November 1, 2014 we will be accepting membership on behalf of these employee groups. We are excited to have these groups as a part of our field of membership and hope it allows us to take in more members and expand our membership!

Keeping your account information updated

With fraud being at an all time high it is important now more than ever to have your account information updated.

It is very important that your correct email address, phone number, and mailing address are updated on all of your accounts. It is useful to have more than one contact number other than your home phone on your account, whether it is your work or cell phone, so we are able to reach you if necessary.

If you have moved or plan on moving be sure to update your address information so you are able to receive your credit union mailings securely.

It is also important to keep your joint owner and/or beneficiary information updated as well. Your security is important to us so help us by keeping your account information as up to date as possible!

Introducing Your New Student Loan Programs

Increasing education costs coupled with decreasing scholarship and grant opportunities have forced families to turn to private student loans to cover the cost of higher education. Somerville Municipal FCU recognizes the challenges its members face when trying to pay for college, and we're committed to offering our members access to affordable private student loan financing and student loan consolidation. We have partnered with LendKey, a private student loan underwriter, to announce the Somerville Municipal FCU's cuScholar Private Student Loan and cuGrad Student Loan Consolidation. cuScholar Private Student Loan Program is a student loan that can be utilized for any education-related expense such as tuition, room and board, books, supplies and other educational items. cuGrad Student Loan Consolidation Program is for graduates to simplify their student loan finances as well as potentially lowering their monthly payment.

Somerville Municipal FCU Private cuScholar Student Loan features:

- No application fee.
- Competitive interest rates.
- Borrow as little as \$2,000 or up to Cost of Attendance per year for a maximum of \$120,000 in undergraduate loans or \$160,000 in graduate loans.
- Choose between making interest payments or a nominal \$25 "Proactive Payment" towards the loan while in school.
- 1% Interest Rate Reduction once 10% of the loan principal is repaid during the full repayment period.

LendKey considers not only the traditional credit bureau report, but they also evaluate the student borrower's academic attributes. The result is a process that recognizes and rewards the borrower's academic achievement.

Prior to considering a private student loan, both Somerville Municipal FCU and LendKey strongly encourage all student borrowers to first exhaust all scholarships, grants and federal loans.

Somerville Municipal FCU Private Consolidation Student Loan features:

- Refinance and consolidate as little as \$7,500 or as much as \$125,000 in undergraduate student loan debt or \$175,000 in graduate debt.
- Choose between paying interest only for first 4 years of repayment or standard level repayment the whole term.
- Quick approval once we receive your completed application.

LendKey considers not only the traditional credit bureau report, but they also evaluate the borrower's income and the school's eligibility.

To see more program details and apply online go to www.sommfcu.com

Retirement comes before you know it, start saving now!

We do not want to work forever so it is important that you are financially secure for retirement. Retirement takes planning, commitment and most of all money so you must consider how much income you will need to live. With life comes uncertainty and you never know how long you will be able to work or live. The average retirement age in America is 62 years old while the average life expectancy for men is 76 years and women 81 years old. This leaves many to consider at least 14 to over 20 years worth of expenses. Start saving now and put your money into an Individual Retirement Account. IRAs can provide tax advantages depending upon which one you choose, either traditional or Roth. You can contribute up to \$5,500 a year and if you are over the age of 50 you can contribute more. IRAs provide an easy way to save for retirement. You can direct deposit from payroll, checking, or savings account into the IRA to make saving easier and automatic. Call us today to learn more about IRAs and retirement planning at (617) 625-0898.

Join in on Bill Pay

Bill pay makes paying your monthly bills easier than ever! Through Virtual Branch, our home banking service, you are able pay bills check-free. This convenient service allows you to pay vendors and retailers without ever having to write out a check. It enables you to use your credit union checking account and make payments online when it is convenient for you.

With Bill Pay you will be able to schedule and review pending and completed payments. If you would like to use this free service please make sure you have completed the following steps:

1. Open a checking account with us
2. Enroll in Virtual Branch (our 24x7 online service, found at: www.sommfcu.com)
3. Enroll in Bill Pay and become 'Check-Free', saving postage stamps, time and money! It's that simple, and while you are at it make sure you are taking advantage of our Electronic or E-Statements, as well as ATM/debit card which will allow you to access your funds at thousands of locations throughout the US.

*Stay Tuned for Credit Cards
and Mobile Banking Details!*

