



MEMBER NOTES

News for Members of Michigan Educational Credit Union

APRIL 2023



MISSION STATEMENT

“To provide members with quality, comprehensive, cost effective financial services”

The Strength Of A 5-Star Rating

In January 2023, BauerFinancial, Inc., the Nation’s Premier Credit Union and Bank Rating Firm, once again awarded Michigan Educational Credit Union its top 5-Star rating.

Bauer rates every federally-insured credit union with the same strict standards, and is pleased to report that MECU continues to excel among its peers in areas of capital adequacy, loan quality and more. This marks the 124th consecutive quarter it has done so – since June 1992 – distinguishing MECU as a “Best of Bauer Credit Union.”



Introducing A New Credit Card Program!

There are some exciting changes coming to MECU this spring! We’re revamping our credit card program as part of our ongoing commitment to continuously improve the benefits and services we deliver to our members. To help streamline our offerings, we will be consolidating credit card brands to only offer Mastercard® products.

Members will have two value-packed credit cards to choose from: **World Rewards Mastercard** and **Platinum Mastercard**. Both cards will feature no annual fee, variable interest rates, liability protection for unauthorized purchases, and worldwide acceptance. They will also feature the latest contactless technology that allows cardholders to breeze through checkout at millions of places, as well as chip technology that improves global usability and security as more merchants at home and abroad switch to advanced chip card terminals.

Want to earn perks while you spend? The new **World Rewards Mastercard** is for you! You’ll earn 1.5 points per dollar spent – more than our previous rewards card! Points can be used towards travel, merchandise and even cash back to your account. The World Rewards Mastercard also includes: Mastercard ID Theft Protection™, Mastercard Global Service™, Mastercard Airport Concierge™, McAfee, Mastercard Golf, Mastercard Travel & Lifestyle Services, DoorDash, ShopRunner, Lyft and Priceless Cities & Offers®.

If a traditional credit card suits your style, our new **Platinum Mastercard** is an instant classic with benefits that include: Mastercard ID Theft Protection™, Mastercard Global Service™, Mastercard Airport Concierge™, McAfee, Priceless Cities & Offers® and Mastercard Golf.

If you have an existing MECU Visa credit card, you’ll be receiving your new card in the mail in April. Be sure to watch your mail and email for more detailed information regarding your new card, or refer to our website.

To learn more about the new World Rewards Mastercard and Platinum Mastercard and their many benefits and special programs, go to www.michedcu.org.



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Bill Knudsen
Wealth Advisor

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CEO Update

The collapse of Silicon Valley Bank last month set off a wave of financial fear and uncertainty across the U.S. Although this failure had nothing to do with any credit unions, members have been understandably concerned about the implications it may have on their own deposit accounts.

As not-for-profit financial cooperatives, credit unions' first priority is members' financial success and security. Federally insured credit unions offer a safe place to save money, and deposits are protected by the National Credit Union Share Insurance Fund and insured up to at least \$250,000 per individual depositor. Credit union members have never lost a penny of insured

savings at a federally insured credit union.

Here at MECU, we recently received yet another 5-Star Rating from BauerFinancial for our financial strength and stability. This is a proud accomplishment that we never take for granted, even though we've managed to earn Bauer's highest ranking for 124 consecutive quarters now.

With high capital cushions and a well established track record, MECU is well positioned to continue to thrive for many years to come.



Bob Sandercock

Can Your Credit Limit Decrease?

Have you ever had your credit card denied only to find out that your credit limit had been lowered? According to the Fair Credit Reporting Act, the credit card issuer can lower your limit at any time, and they are not required to notify you ahead of time.

The most common reason a credit card issuer will lower your limit is because your spending behavior is raising red flags. If you're frequently maxing out your credit cards or carrying huge balances, the issuer may lower your limit to decrease their risk.

Conversely, not using a card may also decrease its limit. The company makes money on the card only if you use it. If you don't use it, they'll decrease your limit and allocate the available credit to a more active user.

They may also decrease credit limits during shaky economic periods, as some did during the height of the COVID pandemic.

When lenders reduce credit limits, your total debt utilization ratio – the amount of credit you are using divided by the total credit available – increases, which causes your credit score to drop.

If creditors believe that you're at higher risk of default – that is, when you're close to (or in) debt trouble – they're more likely to decrease your credit line. Here are some tips to help you avoid the pitfalls of a decreased credit limit:

- **Check accounts online regularly.** At the very least, check it monthly, when you get your statement. It's also wise to look at your account before making a big ticket purchase.



- **Keep a card or two with low or no balances.** That way, if your limit is decreased on one card, your debt utilization ratio doesn't skyrocket.
- **Stay out of credit card debt trouble.** Credit card companies are most likely to reduce the credit limits of higher-risk customers. Avoid making late payments or applying for too much credit. Generally, anything that could drop your credit score could also make you vulnerable to a credit limit decrease.

Nine Common Money Myths

Part of knowing how to manage your finances involves clearing up some misconceptions about money. See how many of these common money myths you believe.



Myth No. 1: Having a will guarantees your property and money will be distributed the way you wish.

If you've named beneficiaries on financial accounts, such as your IRA (individual retirement account) or insurance policy, those designations override any will. You'll need to update the financial accounts to ensure you don't leave something to someone you didn't intend, like an ex-spouse.

Myth No. 2: You should have no debt when you retire.

Differentiate between "bad" and "good" debt. Paying off credit card debt is a good goal – that's 'bad' debt. However, a low-interest mortgage is 'good' debt – it helps you build wealth. When you sell the house, the equity you earn on the house will supplement your retirement income.

Myth No. 3: You can get another job after retirement.

This is easier said than done for many reasons, including declining health and the erosion of marketable skills. According to the Bureau of Labor Statistics, in December 2022 only 19.3% of the labor force was over 65. Even pre-pandemic, the percentage of workers over the age of 65 rose no higher than 21%.

Myth No. 4: Everyone should have life insurance.

Life insurance is necessary only if you have disabled or young children or a spouse depending on your income, or if you own a small business.

Myth No. 5: You should take Social Security when you turn 62.

Not unless you really need it. If you wait and take Social Security at age 70, your benefits will be over 80% higher, depending on your current income. If you want to see the difference in the amount you'll receive if you retire at 62 versus 70, use the calculator available on the Social Security website.

Myth No. 6: You should buy long-term care insurance in your 40s when premiums are lower.

The premiums will be lower, sure, but you'll be paying them for a longer time. If you're healthy, the ideal age for purchasing long-term insurance is between 60 and 65, according to AARP.

Myth No. 7: Retirees should keep their money out of the stock market.

If you anticipate a long retirement, keeping a portion of your savings in the stock market can help you keep pace with inflation.

Myth No. 8: You should borrow from your 401(k) if you need a loan.

Only if it's an emergency, otherwise you're putting your retirement savings at risk.

Myth No. 9: Your 50s are too late to make a difference in your financial future.

If you don't retire until your late 60s, you could have almost two decades left to save. In 2023, anyone older than 50 can contribute an additional \$7,500 in catch-up 401(k) contributions.

Annual Meeting & Annual Report Updates

MECU's 81st Annual Meeting will take place on Wednesday, April 26, at 7:00 p.m. The meeting will be held in the VisTaTech Center at Schoolcraft College. For more information, go to www.michedcu.org or follow us on Facebook, Instagram or Twitter.

The 2022 MECU Annual Report is now available to view on our website at www.michedcu.org. You will find it under the "About MECU" tab along the top of the page.

If you would like a printed copy of the 2022 Annual Report, give us a call at (734) 455-9200 or toll-free (888) 261-3355 outside the Metro Detroit area. You can also send us an email at general@michedcu.org and we will be happy to mail a copy to you.

Deposit Account Rates

For current deposit rates, including Share Savings, Draft/Checking, IRAs, and Share Certificates, go to www.michedcu.org or contact any MECU office!

Brighten Up Your Home This Spring

Get into the swing of things this spring with affordable options for financing your home improvements.

If you like to get your hands dirty, our Revolving Credit Personal Loan is ideal for smaller DIY and home maintenance projects. Once approved for the loan, you can tap into your unused credit limit whenever you need it.

For larger projects and a lower interest rate, look to Home Equity financing. MECU offers a variable-rate Home Equity Line of Credit, as well as a closed-end, fixed-rate Home Equity Loan. Loan amounts start at \$10,000 with NO CLOSING COSTS.* Be sure to ask your tax advisor about potential tax savings.

If Home Equity isn't right for you, we also offer Home Improvement Loans for \$1,000-\$25,000 for up to nine years at a competitive rate. Loan checks are payable to your contractor or home improvement center.

To learn more and to apply, go to www.michedcu.org or contact the Loan Department at any MECU office.

* Home Equity Line of Credit loan payments based on \$9 or \$12 per thousand. Example: \$10,000 loan, \$9 per \$1,000 selected, \$90 monthly payment. Minimum Line of Credit amount \$10,000. Maximum Line of Credit amount \$200,000. The maximum APR that can apply is 18%. Maximum LTV 90%. Properties only located in the state of Michigan. Certain circumstances may require closing costs.



Holiday Closings

Memorial Day
Monday, May 29, 2023

Juneteenth
Monday, June 19, 2023

Independence Day
Tuesday, July 4, 2023

Act Now For Loan Payment Deferral

Would you like to skip your July and August loan principal payments and just pay the interest due? MECU is pleased to offer Summer Loan Payment Deferral as a unique benefit designed to assist members on ten-month pay schedules with the cash flow challenges of summer. This option is available for Revolving Credit Personal Loans, auto loans, and more. Please call the Loan Department today if you are interested in taking advantage of this convenient option.

Always Great Auto Loan Rates!

2023-1998 Automobiles (100% Financed) –

Terms up to 84 months available

Classic Cars (25 Years and Older) –

Terms up to 48 months available

College/Trade School Grad or Active Military

Discount – 2022 and 2023 graduates and active military service members can save .25% off MECU's current auto loan rates. Ask for details.



For current rates, contact the Loan Department at any MECU office or go to www.michedcu.org!



Website: www.michedcu.org
E-Mail: general@michedcu.org

Toll-Free Phone:
(888) 261-3355
(Outside Metro Detroit area)

Office Hours:
9:30-5:30 Monday-Friday

Phone Service:
9:15-5:30 Monday-Friday

Plymouth Office:
9200 Haggerty Road
Plymouth, MI 48170
Phone: (734) 455-9200

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