

Financial Education



Build your financial future with the power of knowledge.



Welcome





Credit Unions & Banks

 **What is a unique feature of a Credit Union?**



Credit Unions & Banks - what's the difference?

- Banks are *for-profit*
 - Owned and controlled by a group of **share holders**
 - Banks are generally open to the public, with **no specific membership** requirements.
- Credit Unions are *not-for-profit*
 - Owned and controlled by **members**
 - Credit unions often have a **field of membership** restriction. While this can limit membership, it creates a sense of community.
- Like Banks, Credit Unions accept deposits, make loans, and provide a wide array of other financial services.
- But as member-owned and cooperative institutions, Credit Unions provide a safe place to save and borrow at reasonable rates.





Seasons Federal Credit Union

- Credit Union began in 1935 as the Northern Middlesex School Employees CU
- Changed our name in 2006 to Seasons Federal Credit Union
- Have around 16,000 members and branches in Middletown & Meriden
- Field of Membership serves those within Middlesex County and nine towns in New Haven County
- We offer everything from checking & savings accounts, loans, investments, online technology, and **Interactive Teller Machines (ITMs)**





Opening an Account

Opening an Account at Seasons FCU

- Unfortunately, you can't open an account online if you are under 18.
- You may, however, open an account in person at our Middletown or Meriden branches
 - ***Middletown:*** South Main Street, across from the pond, between Subway & McDonalds on your way out to Durham
 - ***Meriden:*** East Main Street, on the Middletown end, across from Taino Steakhouse



Opening an Account at Seasons FCU

- Any Middletown HS student can open both a **savings** and a **checking account** provided they are over the age of 15.
- Parents or guardians are not required to be a joint owner on the account.
(It is strongly recommended)
- To open an account all that is required is a **photo ID** (*state issued or student ID*), **social security card** and/or **birth certificate**, and **\$5 to deposit** into a savings account.



Opening an Account at Seasons FCU

- What comes with your account at Seasons FCU?
 - **Savings Account** (it's a must & establishes your membership)
 - **Checking Account** (doesn't mean you need checks – more on that later)
 - **Debit Card** (allows you access to your funds on deposit via ATMs and for everyday purchases)
 - **Digital Banking** (mobile and desktop are available)
 - The ability to **directly deposit** your pay if you have a job



Taking your account to college



We are as accessible as Big Banks

- You can go online and access your account anywhere - even deposit a check by taking a photo of it with our mobile app.
- Members can instantly transfer money to each other.
- If you do find yourself needing to visit a credit union while you're out of the service area, use our Shared Branching network.
- On campus or home for break, you're likely close to one of our nearly 30,000 surcharge-free ATMs nationwide.



Products & Services

- What type of account do I need to open with a Credit Union to establish a membership?



Savings Accounts

A savings account is a basic financial account that allows individuals to deposit money in a secure place while earning interest on the balance:

- **Deposit and Withdrawal:** deposit money into your savings account and withdraw funds as needed.
- **Interest Earnings:** Savings accounts accrue interest on the balance, which is typically calculated on a monthly or quarterly basis.
- **Security:** Savings accounts are considered low-risk and are usually insured by government agencies, providing a level of financial security.
- **Purpose:** Savings accounts are ideal for short-term and emergency savings. They provide a safe place to store money while earning a modest return.



- What is often linked to a checking account, enabling the account owner to make purchases?



Checking Accounts

A checking account is a type of bank account that is designed for everyday transactions.

- **Debit Cards:** Checking accounts often come with a debit card that allows you to make purchases, both online and in-person, directly from your account. Debit cards are also commonly used to withdraw cash from ATMs.
- **Overdraft Protection:** Many checking accounts offer overdraft protection to prevent transactions that would overdraw your account. This can involve linking your checking account to a savings account or a line of credit.
- **Rewards Options:** Some credit unions offer free rewards with their checking accounts, such as cash back, interest, or ATM fee refunds.





Let's talk about Loans

- What is a loan and when might it be a good idea to take out a loan?



Basics about Loans

- Loans help finance some of our biggest goals in life.
 - Student loans for tuition
 - Mortgages for buying property
 - Auto loans for getting a vehicle
 - Personal loans for unexpected costs
 - Small business loans for entrepreneurs
 - Credit Cards for everyday purchases
 - Payday loans (don't recommend)
- A loan is also one of the biggest financial commitments we make in our lifetime.

Let's breakdown a loan...



- In terms of loans & credit,
what does APR stand for?



Basics about Loans

Principal – that's the amount you're borrowing

Interest rate or Annual Percentage Rate (APR) – that's a percentage that your financial institution charges you for lending you the money

Term – that's the amount of time you have to pay it all back

Loans can either be **secured** or **unsecured** depending on whether they're protected by collateral.

SECURED LOAN

- Requires **collateral**
- Tends to have **lower interest**
- Usually, **longer term**

UNSECURED LOAN

- **No collateral** required
- Tends to have **higher interest**
- Usually, **shorter term**



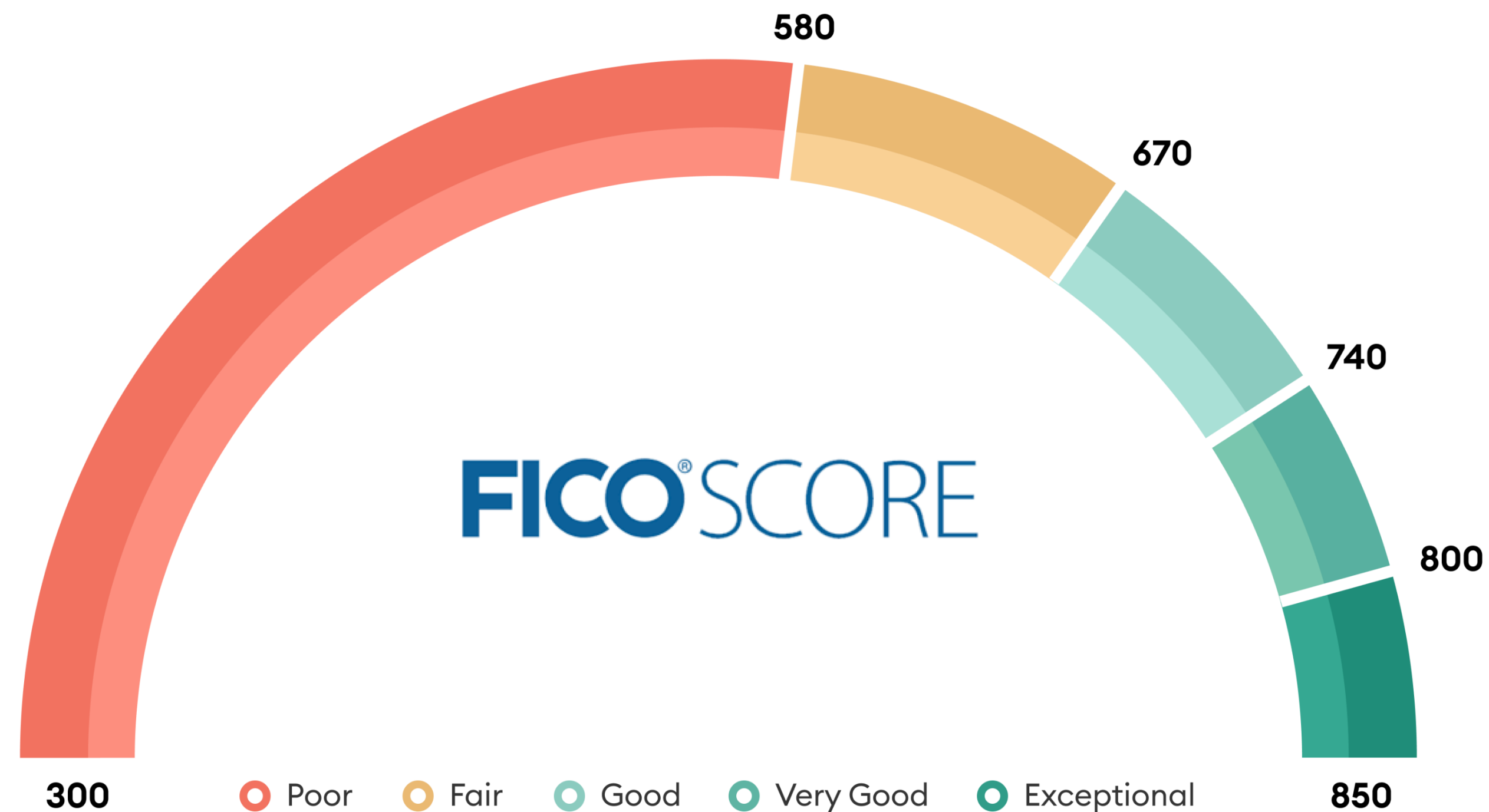
- What is a “Credit Score” and why is it important?



What is a Credit Score?

A credit score is a number used by financial institutions and credit card companies to determine a risk level when issuing you a loan or a credit card.

The FICO® Score is the most widely used credit score model in North America.



Why does my score matter?

Credit scores can influence:

- Renting an apartment
- Student loans
- Car payments
- Job applications

How are credit scores calculated?

- 35% payment history
- 30% capacity
- 15% length of credit
- 10% new credit
- 10% mix of credit



Factors Effecting Your Credit Score

- Paying bills late
- Too many delinquent accounts
- Requesting too many credit reports
- Too many credit cards
- Excessive debt amount
- Filing for bankruptcy

Building a Solid Credit History

- Pay monthly bill on time
- Open a line of credit and use it responsibly
- Don't "max out" your credit card
- Keep line of credit with one company
- Monitor credit
- Keep track of finances



- **Name 1 of the 3 credit bureaus
in the United States?**



3 Credit Bureaus

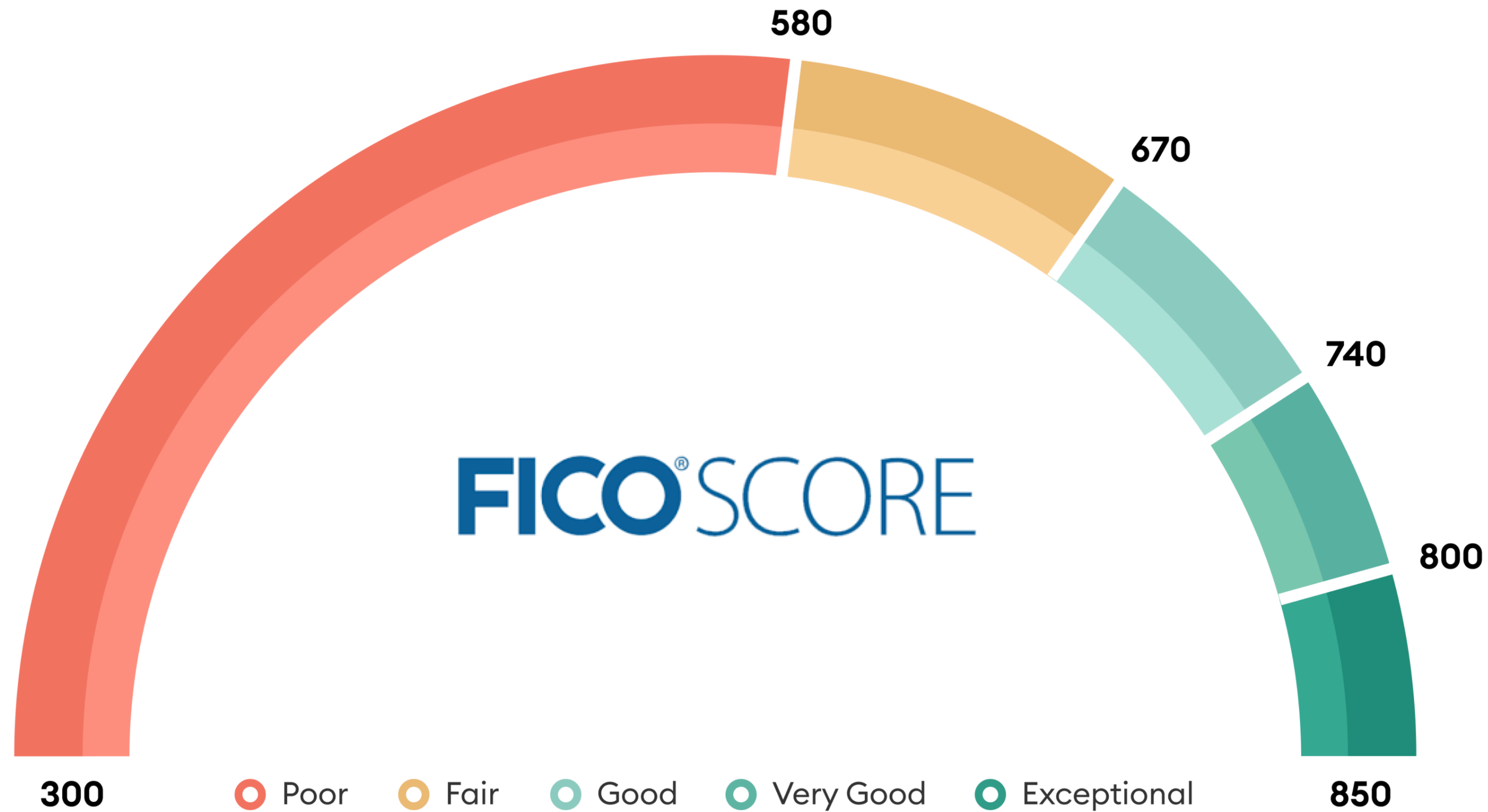
The three main credit bureaus in the United States are:

- 1. Equifax**
- 2. Experian**
- 3. TransUnion**

These agencies collect and maintain credit information on individuals, including their credit history, payment records, and other financial behaviors. Lenders often use the information provided by these credit bureaus to assess an individual's creditworthiness when considering loan or credit applications.



What is Your Current Credit Score?



 **What does BNPL stand for?**



Buy Now, Pay Later

Buy Now, Pay Later (BNPL) is a payment option that lets you make a purchase and receive it immediately but pay for it later, usually over a series of installments.

- **Deferred Payment:** Allows consumers to make a purchase and delay full payment to a later date.
- **Installment Payments:** The total cost is divided into smaller, more manageable payments, spread over a specified period.
- **Convenience:** Enables immediate acquisition of goods or services without the need for upfront full payment.
- **Fees and Interest:** Often involves additional charges such as interest or fees, so it's essential to understand the terms and conditions before opting for buy now, pay later.



Is BNPL a smart choice?


Whether buy now, pay later is a smart choice depends on individual circumstances and financial habits. Here are some considerations:

- **Budgeting:** If you struggle with budgeting or tend to overspend, BNPL might not be the best choice, as it can lead to accumulating debt.
- **Interest Rates and Fees:** Check the terms and conditions, including interest rates and fees. High-interest rates or hidden charges can make the overall cost of the purchase significantly higher.
- **Financial Stability:** If you have a stable income and can comfortably manage the installment payments without impacting your essential expenses, BNPL may be a convenient option.
- **Emergency Fund:** It's generally advisable to have an emergency fund. If using BNPL jeopardizes your ability to save for emergencies, it might not be the wisest choice.



Buy Now,

Pay Later

 **nerdwallet**





Let's talk about College

- **What is an example of a *variable* educational expense in college?**



Variable educational expenses in college

- **Textbooks and Course Materials:** The cost of textbooks and required course materials can vary widely based on the courses you take and whether you buy new, used, or digital versions.
- **Housing and Living Expenses:** The cost of housing, whether living on-campus or off-campus, can fluctuate based on location and the type of accommodation. Living expenses such as groceries, utilities, and personal items can also vary depending on personal choices and lifestyle.
- **Transportation:** Transportation costs can include commuting expenses, parking fees, or public transportation costs. For students living on-campus, this might be less variable, but for those off-campus, it can be a significant factor.
- **Extracurricular Activities and Entertainment:** Participating in clubs, sports, or other extracurricular activities can incur additional costs. Entertainment expenses, such as movies, concerts, or dining out, can also vary based on personal preferences.



Student Loans 101

There are three types of student loans:

- **Federal loans, Private loans and Refinance loans (once you leave school)**
 - Federal loans are provided by the government, while banks and credit unions make private loans and refinance loans.
 - The type of student loan that's best for you depends on your unique financial situation.



Student Loans 101

Federal Loans

- Most federal loans don't require a co-signer or good credit; nearly every student with a high school diploma is eligible to receive them.
- To get federal loans, you would fill out the Free Application for Federal Student Aid, known as the FAFSA.

Private Loans

- Credit Unions, Banks, and other financial institutions make private loans to students.
- When you apply for private loans, the lender will want to see proof you can repay it, usually in the form of a good credit score.
- A co-signer can help you qualify; that person will be responsible for the loan if you can't pay it back.



What you need to know before you start college

1. Decide if **Federal** or **Private Loans** are right for you
2. Borrow **only what you need** – and can reasonably repay
3. You'll **pay fees and interest** on the loan
4. After you agree to the loan, **your school will handle the rest**
5. You can use loan money **only for certain things**
6. Know who your loan servicer is and **when your first payment begins**



Be prepared for education expenses

Being prepared for variable education expenses in college involves proactive planning and financial management. Here are some tips:

- **Budgeting:** Create a realistic budget that includes not only tuition but also living expenses, books, supplies, and any other potential variable costs.
- **Research and Compare Costs:** Before each semester, research and compare the costs of textbooks, course materials, and living expenses.
- **Financial Aid and Scholarships:** Explore all available financial aid options, including scholarships and grants. These can help offset some of the costs associated with education.



Cont'd: Be prepared for education expenses

- **Part-Time Work or Internships:** Consider part-time work or internships to supplement your income. This can provide you with extra funds to cover variable expenses.
- **Emergency Fund:** Establish an emergency fund for unexpected expenses.
- **Smart Spending Habits:** Practice responsible spending. Be mindful of your expenses, avoid unnecessary purchases, and prioritize your needs over wants.
- **Stay Informed:** Keep yourself informed about the resources available on campus, such as libraries, online materials, and student discounts.
- **Plan Ahead:** Plan your course schedule in advance and try to choose classes with affordable or open-access materials.





FinTech's & Startups

 **What does “FinTech” stand for?**





FINTECH



**WHAT IS FINTECH? HOW DOES IT WORK?
ALL YOU NEED TO KNOW ABOUT**



Fintech companies

- Banks & Credit Unions (Online & Mobile Banking, Mobile Check Deposit)
- Mobile Payments (PayPal, Venmo, Zelle & Apple Pay)
- Cryptocurrency (Bitcoin)
- Personal Finance (Credit Karma & Chime)
- Budgeting Apps (Intuit & Mint)
- Online Lending (Affirm & SoFi)
- Buy Now, Pay Later (Klarna & Afterpay)



What are the benefits of Fintech?

Ease of use and convenience

Easier to pay bills, initiate a bank transfer, or quickly find an answer to your question via chatbot technology.

Accessibility

Fintech gives people more access to products and services that weren't available before.

New Technologies

Fintech companies are often at the forefront of innovation—machine learning/artificial intelligence (AI).



What are the risks of Fintech?

Data Privacy

Fintech services mostly rely on collecting in-depth information about consumers and their behaviors.

Regulations

Fintech companies don't have one regulator and can make changes to their business and do what they want without strict guidelines.

Hidden Risks/Fees

There may be underlying costs, fees, or financial risk associated with using some products. Fintech's need to find ways to make money.



- What is a digital or virtual form of currency that eliminates the need of physical money?



Cryptocurrency “Crypto”

Cryptocurrencies are:

- **Not federally insured:** If the crypto company that holds your funds goes out of business, your money may be lost and never recovered.
- **Not federally regulated:** Without such regulations there are no legal standards for consumer protection issues such as privacy and security.
- **Risky:** Some consumers use cryptocurrencies to pay for things, but most use it as an investment strategy. Cryptocurrency is considered a high-risk investment, so only buy what you can afford to lose.





Saving for the Future

- What is the term called when you earn *interest* on the money you've saved and earned along the way?




What is compound interest?

For savers, the definition of compound interest is basic:

“It’s the interest you earn on both your **original money** and on the **interest you keep accumulating.**”

- In an account that pays compound interest, such as a standard savings account, the return gets added to the original principal at the end of every compounding period, typically daily or monthly. Each time interest is calculated and added to the account, it results in a larger balance.
- Compound interest allows your savings to grow faster over time.



 **When should you start building a savings account?**



Tips to start saving for the future

- **Start Early:** The longer your money grows, the more you can benefit from compound interest. Don't procrastinate when it comes to saving.
- **Set Clear Goals:** Create clear and achievable financial goals. Whether it's saving for college, a car, or a trip, having specific objectives provides motivation and direction.
- **Create a Budget:** Track your income and expenses to ensure you are living within your means. This sets the foundation for responsible financial habits.
- **Explore Savings Options:** There are different savings options available such as savings accounts, high-yield savings accounts, or investment accounts.
- **Build an Emergency Fund:** Life is unpredictable, and having savings set aside for unexpected expenses can prevent financial stress.





Financial Safety

- What is an effective way to ensure the safety of your financial account?



Ensure Safety of your Financial Account

- Regularly monitor your account statements for any suspicious activity
- Monitor your credit reports
- Use strong and unique passwords
- Enable two-factor authentication
- Set up notifications and alerts from your financial institutions
- Use digital wallets (Apple Pay®, Google Pay™ and Samsung Pay®)
- Be cautious about sharing personal information online to ensure the safety of your financial accounts



Protect your finances and yourself

- Use only trusted websites and apps for online transactions.
- Do not follow links from unsolicited, unexpected or threatening emails.
- Protect your Social Security number.
- Never give out personal financial information over the phone.
- Social media ads; if it looks too good to be true, it probably is.
- Debit and ATM cards are convenient and easy, but they're also targets of criminal activity that can damage your finances.



What is identity theft?



Identity theft

- **Unauthorized Access:** use of someone else's personal information, such as name, social security number, or financial details.
- **Fraudulent Activities:** perpetrators use stolen information for various fraudulent activities, including financial transactions, opening new accounts, or committing crimes, all while posing as the victim.
- **Compromised Identity:** ultimately, identity theft results in the compromise of an individual's identity, leading to potential financial loss, damage to reputation, and the need for extensive efforts to rectify the situation.



Suspect fraud or identity theft – what to do?

- Contact Your Financial Institutions
- File a Police Report
- Contact the Credit Bureaus
- Review Your Credit Reports
- Dispute Unauthorized Transactions
- Notify Other Relevant Parties
- Monitor Your Accounts
- Update Passwords and Security Measures
- Stay Informed





Questions?



Thank You



524 South Main Street, Middletown

(between Subway & McDonalds)

www.seasonsfcu.org