COSDEN FEDERAL CREDIT UNION

APRIL 2021 NEWSLETTER

# It is Not Too Late to Contribute to Your IRA for 2020 Taxes!

Even though 2020 is behind us, it is not too late to make IRA contributions for last year. If you are looking for an additional tax deduction or trying to maximize your retirement savings, you have until Thursday, April 15 to make IRA contribution for the 2020 tax year. The contribution limit for 2020 is $6000 ($7000 if you are age 50 or older)

***Note:*** *your contribution amount cannot exceed your earned income.*

If you are married and file a joint tax return, you may be able to contribute to an IRA even if you did not have earned income, as long as your spouse did. The amount of your combined contributions cannot exceed the earned income reported on your joint tax return.

If your employer provides a 401(k) and makes a matching contribution, contribute at least enough to the 401(k) to take advantage of that employer benefit. Then consider funding an IRA to increase your retirement nest egg.

# Skip-A-Payment

Take advantage of our Skip-A-Payment program! Apply in person or online today. This is another way that **Cosden FCU** is here to make life EASIER for you. Qualifications and conditions may apply.


# Credit Union Closings

2021

**Memorial Day**

**Saturday, May 29**

**Monday, May 31**

**Independence Day**

**Saturday, July 3**

**Monday, July 5**

# TRAVELING?

**Whether you're traveling out-of-state or out-of-country, call to let us know your travel itinerary and we'll put an alert on your credit and debit cards.**

## When Did You Last Review Your Beneficiaries?


You should routinely check and update your beneficiaries. Your beneficiary is whom you designate to receive your assets after you pass away and it is important to ensure your payable-on-death and individual retirement account (IRA) information are correct.

Life changes can affect who you want to benefit from your accounts. If you have had a change in marital status, such as marriage or divorce, had a child or experienced the loss of an immediate family member, it is important to review and update your beneficiaries.

Payable-on-death designees have rights to funds after all account owners and joint owners have died. For IRAs, both primary and contingent beneficiaries may be added with corresponding percentages.

***For help with beneficiary designations or if you have questions, please call 432.264.2600 or stop by your local branch.***


It may seem like just yesterday you were dropping your child off for his/her first day at school. And now, you're shopping around for his/her first checking account. How time flies.

But don't take this moment lightly. Adolescence is a critical time for teaching children about money. They are beginning to earn some money of their own and starting to make their own choices about clothing, accessories and bicycles. They are starting to gain awareness of the importance of saving for a longer-term goal, such as a car or college.

But they also need to be able to access money without you holding their hand at all times. For safety reasons, you don't want them carrying around a lot of cash. The solution: their own checking account, with a debit card and ATM access.

Minors, of course, cannot enter into legal contracts of their own. A parent or guardian must act as cosigner on any accounts they open at a credit union or other financial institution. That means you retain overall control. But you are also on the hook should your child go on a wild spending spree, and that's a good motive for helping them learn to spend wisely and manage their account.

Credit unions and other financial institutions allow parents to maintain full control and access to accounts that are set up for their minors. Depending upon your financial institution's policies, you can choose from these common parental controls:

- Separate account logins, so you can see all the transactions your child makes daily.
- Limits on ATM withdrawals.
- Optional overdraft protection.
- Limits on debit card transactions.
- "Sweep" savings accounts – a system that looks at each transaction on the debit card purchase, rounds up to the nearest dollar and transfers it to a savings account that grows over time.
- As your child matures and displays an ability to responsibly spend and manage their account, you can relax some of these restrictions.

### Tips:

Pay careful attention to the terms and conditions on the account. A $12 per month maintenance fee may not be a big deal to an adult with a full-time career. But it's a big chunk of a child's total monthly cash flow. Look for low or no monthly fees.

Also look for an account that pays at least a little interest. Interest rates are very low as of this writing. But even a very low rate can still help you teach children the benefits of saving and compound interest.

Keep safety in mind. Your child will probably go to the bank many times, alone, either on a bike or on foot. Try to find a branch in a decent neighborhood, with on-site security if possible, and safe traffic patterns for bicyclists.

Expect your child to make bad decisions once in a while. Nevertheless, the lessons learned from those experiences will make lasting impressions on your child and hopefully create a responsible behavior pattern that will set them up for unlimited success later in life.

# Buying a Car?

An automobile is a major investment. Just think about it — in the last ten years, have you bought anything that costs more than a car? A house or your kid's education, maybe. Yet, unlike a house, a car is not going to appreciate in value; and unlike an education, an SUV is not going to increase your offspring's earning potential.

A car is not an investment after all, because you are not going to receive a return on it. It is an expense, and the best you can do is to get the maximum use and pleasure from the money you spend. Getting the most out of your car is a matter of careful maintenance. Getting the most out of your money is a matter of getting a good price on the car and a good deal on the related financing.

Negotiating a good price on your car can be stressful, but arranging for a good deal on your loan might not have to be. When they think of car loans, most people think of banks and dealer financing—but your credit union may offer the best, most flexible terms and the fastest loan process that's available to you:

- Before you go shopping, come to your credit union to get pre-approved for a loan. Pre-approval will mean you have one less thing to worry about when you find your dream vehicle.
- Your credit union maintains a network of car dealerships. Shopping within that network may give you a discounted price or a simplified purchase process. Get a list of participating dealers from our office.
- Your credit union offers auto loan rates that are probably lower than those that are offered by most banks and car dealerships in your area.
- Refinancing an existing auto loan could lower your rate and monthly payment, putting more money in your pocket—a good thing at any time, but especially in a troubled economy.

***Whether you buy a new or used car or refinance an existing car loan, come see us at the credit union!***

# Let's be friends.

Like us on **Facebook** and keep up with all the credit union news.

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## A Penny Saved:
### Live Simply to Reap Savings

If you are eager to get off the earn-and-spend treadmill, you can make the shift to a lifestyle that embraces moderation and eschews excess. A successful transition, however, requires a change in both your spending habits and your relationship with money.

Surveys find that spending, as a means to achieve greater fulfillment does not seem to work. So why do we keep spending beyond our means? Habit may be partly to blame. A daily routine that includes purchasing a latte, lunch and snacks could have you spending $10-$20 a day without prompting a second thought.

To avoid mindless spending, consumers should ask of each expenditure whether it brought "fulfillment, satisfaction, and value in proportion" to the time it took to earn the money to pay for it. The key is figuring out what is enough and what is just excess.

Another important shift in mindset that needs to be made before you can switch gears from spender to saver: **Stop viewing spending as a reward and saving as deprivation**.

**Adopt these tips and techniques to start living beneath your means:**

**Make saving automatic.** That is easy to do: Just ask us to set up a funds transfer from the account where your paycheck is deposited to a savings or investment account. You choose the amount. If you do this and you do not use credit or tap savings, you will automatically be living beneath your means.

**Track your spending.** The point of writing down everything you spend is not to make you obsessive about your money; it has to make you aware of your choices. Your routine – do you go out to dinner every Friday and Saturday night? – may be one of the biggest obstacles to reducing your spending.

**Challenge every expense.** Figure out how you might be able to reduce each of your essential expenses, from housing to transportation. Then determine which of your nonessential expenditures, such as entertainment and vacations, deliver the greatest bang for your buck and abandon those that are enjoyable but not essential to your happiness.

**Avoid temptation.** The easiest way to do that is to abandon shopping as a recreational activity. And try to limit your exposure to ad-heavy celebrity and style magazines and television programs that make affluence look commonplace.

***Whether you choose to save your money to pay cash for a car or to increase your retirement nest egg, changing your relationship with money and becoming a saver can make life rewarding.***