SUMMER 2017

USSFCU Spotlight

Serving the Senate Community Since 1935

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UNITED STATES SENATE FEDERAL CREDIT UNION

College Loans May Not Make Sense for Parents

Congrats! Your son or daughter was accepted into his or her top choice university.

The average cost of attending a private school has topped $42,000 a year, according to the College Board. If you can't cover the whole bill with scholarships and savings, you may be tempted to borrow. But should you...

Ask yourself these questions:

How secure is your retirement?

Parents struggle with whether to put their child's needs before their own. If you've followed the financial industry's advice and prioritized your own retirement savings, you may not have been able to save much for college. Talk to a financial advisor about your retirement planning. This will help you decide whether you can handle education loans.

What's your current debt level?

Are you still paying off your own education? If so, you wouldn't be the only one. Many people are still chipping away at their college loans well into their careers, even as their own children near adulthood. Taking on more education debt may not be advisable if you haven't eliminated your own.

Mortgage loans are also a consideration. Paying off your mortgage before retirement can help reduce the amount of monthly income you need once you stop working, so reducing this debt may be a big priority later in your career. If your home is worth significantly more than you owe, that equity may be a good source of college money. The interest rate on a home equity line of credit is likely to be lower than the rate on a federal loan for parents of college students. Like other types of mortgages, the interest on home equity lines of credit may be tax deductible.

What are your other obligations?

If you buy your eldest a car as a 16th birthday present, your younger children will expect their own wheels, too. Over-extending yourself for one child's education may be hard to replicate when the next kid enters college. Make a realistic plan that includes all your children's likely college costs.

So should you borrow?

If your retirement savings are healthy, the rest of your finances are strong and you don't have much debt, borrowing to pay for your child's college might make sense. But it's a last-resort option. Before you take out a loan, exhaust all possible financial aid options. Consider choosing a less expensive school, or having your child start at a community college and transfer to a four-year university later.

Many families find that it's best for the student to be the borrower, rather than the parents. The interest rates on federally subsidized loans are better if they're in the student's name, and you can always help pay it off later if your own budget will allow it.

Your role as a parent is not ending just because your son or daughter has earned a high school diploma. You still have to model good decision-making practices and healthy financial habits. That may include saying no to borrowing money for your child's education.

The article originally appeared on NerdWallet.com.

Enjoy The Summer

Without Maxing Out Your Credit Cards

School is out, summer is upon us and it's time to have some fun.

For many people, travel is a significant part of their summer budget, but careless spending while on vacation can have a negative impact on their finances. People often spend more when on vacation, perhaps because they get caught up in the moment or simply because things are more expensive than at home.

So what can you do this summer to make sure you don't end up with extra debt? Here are a few tips to help you enjoy your summer vacation without derailing your finances.

Make a Plan

It helps to start with a plan for your summer vacations. You don't have to rule out spontaneity entirely, but having an overview of when and where you'd like to go, what you'd like to do and how much it will cost gets you started off on the right foot.

You can also do some research to identify deals ahead of time. Many hotels offer discounts during off seasons, and some airlines have lower fares when you fly during off-peak times. Services like Airbnb offer competitive prices for lodging and may help you reduce expenses if you eat some meals in instead of going out.

Set Up a "Fun Fund"

With a plan in place, you can start saving for your trip. Creating a separate "fun fund" helps cement why you're saving the money and can help you keep your eye on the big prize when lesser temptations, like a new TV, arise.

To determine how much you need to save each month, divide the cost of the trip by the number of months you'll be saving. Major trips, such as to a Disney location or overseas, may require significant planning and a longer time to save. For instance, taking a $6,000 trip every three years would require you to save around $170 a month. If you wanted to do this more frequently, you'd have to save even more.

If "staycations" or weekend getaways are more your speed, you may not need to save as aggressively or as long. You can build these trips into your spending plan by setting aside an extra 5% or 10% from your check each pay period.

You can also get the whole family involved by encouraging your children to set aside a portion of the money they receive from birthdays and allowances for parent-free spending while on vacation.

Know Your Limits

Set a daily spending budget for your trip and don't exceed it. Include what you'll spend on food, activities, lodging and anything else that might come up. You can also get your children involved in the planning, having them participate in the family's budgeting. Even young children will benefit as they are exposed to responsible spending.

But remember, setting these spending limits means being realistic. If you have to budget $500 a day for a five-day trip because you plan to eat at restaurants for every meal and you want to bring souvenirs home to friends and family, so be it. It's more important to be realistic about what you'll spend and to save for it than it is to convince yourself you won't spend much and go two or three times above what you budgeted.

Stay Disciplined

Once you've settled on how much you'll spend, stick to it. It's easy to talk yourself into not counting little purchases like a coffee here or mouse ears there, but those little purchases add up and can have a significant impact on your vacation fund. Give yourself a 3% to 5% buffer in your budget for the "Oh, that's so cute" and "Man, I just need to have that" moments, we've all had them.

Have Fun

Most of us aren't going to plan a vacation down to the minute, but with money saved up in a "fun fund" and a cap on your daily spending, you can enjoy yourself and avoid maxing out your credit cards.

The article originally appeared on NerdWallet.com.

The certificate that gives you a one-time rate bump!*

THE ALL NEW Bump Rate Certificate

Lock in a great rate now with the one-time option to bump it up to an even better rate during the term of your certificate.*

Invest with confidence knowing that if rates should rise during the term of your certificate, you can lock in an even higher level of earnings with a one-time rate bump.* With the Bump Rate Certificate, you no longer have to worry about missing out on rate increases.

» Allows greater flexibility over your investment.

» Diversifies overall risk in your portfolio.

» Includes the security of NCUA insurance.

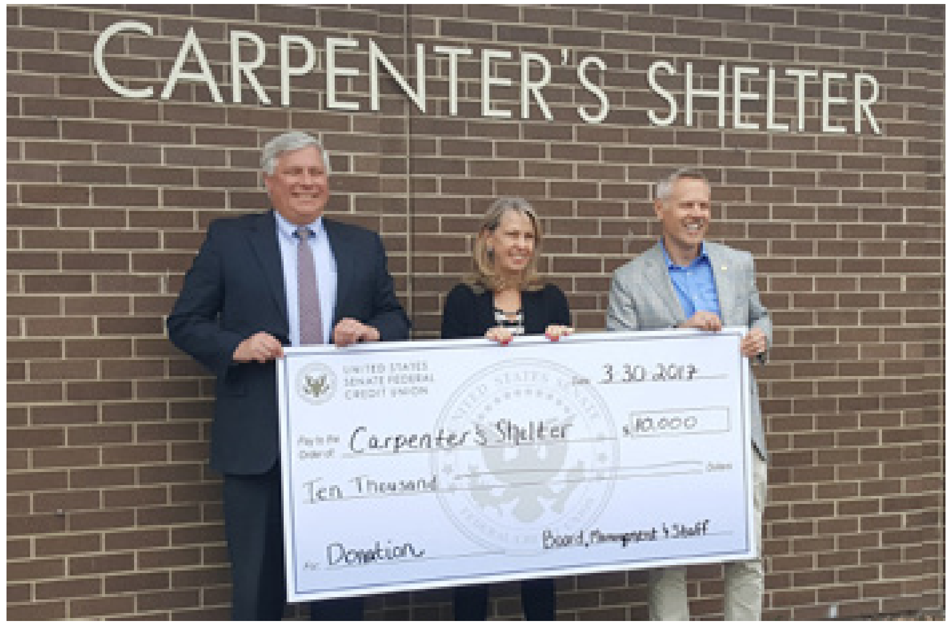
» Requires a minimum deposit of $1,000 to open.

For more information and to review rates, visit ussfcu.org/bumprate.

* USSFCU makes no guarantee that you will be able to exercise this option, since we have no way of predicting future rates.
Membership eligibility required. This credit union is federally insured by the National Credit Union Administration.
Your savings are federally insured to at least $250,000 an backed by the full faith and credit of the United Staes Government.

USSFCU Corner

USSFCU Donates $10,000 to the Carpenter's Shelter



On March 30, USSFCU made a $10,000 donation to the Carpenter's Shelter in Alexandria, VA. The donation is part of our on-going commitment to give back as well as serve our community. The Carpenter's Shelter supports the homeless in achieving sustainable independence through shelter, guidance, education and advocacy.

Annual Meeting Recap

The 2017 Annual Meeting and Products & Services Fair were held on May 24th at the Hart Senate Building. This year's event was attended by hundreds of members, who were treated to raffles, giveaways and one-on-one coaching from USSFCU department specialists. Thank you to all who attended and made this year's meeting, plus the fair, a complete success!

For more photos of the event, visit ussfcu.org/annualmeeting

College is a Big Investment

USSFCU offers Student Loans that can help.

Whether you need funding for your education or need to consolidate your current student loans, USSFCU is here for you—offering **Private Student Loans** or **Student Consolidation Loans** with some of the following benefits:

No origination fees • Competitive rates
Flexible repayment options

To learn more about our student loan program options, visit
ussfcu.org/studentlending.