INSIDE:  

**Retirement:** What does it take to become a millionaire by the time you retire?  

**Credit score:** Learn what affects your credit and what you can do to improve your number.
A message from Mountain America

As a financial institution, we understand the importance of educating people on financial literacy and monetary topics. Whether it's understanding how money works, how to manage and invest the money we earn, or how to use our money to care for the people around us—we must all obtain skills and knowledge to make informed and effective financial decisions.

Our purpose is to guide others toward achieving their financial dreams. Education is a key component to this process. Each year, we offer Financial Pathways resources to thousands of students, adults and families throughout five Western states along with a variety of training programs and free information on macu.com/financial-pathways. Additionally, we are actively involved in supporting the Newspapers in Education program, which provides more than 200 classrooms with financial literacy information throughout the school year.

We hope that the information in this guide will increase your financial knowledge and assist you in achieving your financial dreams. We are here to guide you on your financial journey.

Best regards,

Sterling Nielsen
President & CEO

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-- Hit the Trail --

You are going for a hike and have $100 to spend on new equipment. Use the below pricing list to determine which supplies you can buy for $100.

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>BACKPACK - $40</td>
<td></td>
</tr>
<tr>
<td>ENERGY BARS - $10</td>
<td></td>
</tr>
<tr>
<td>COMPASS - $20</td>
<td></td>
</tr>
<tr>
<td>SUNSCREEN - $10</td>
<td></td>
</tr>
<tr>
<td>FIRST AID KIT - $25</td>
<td></td>
</tr>
<tr>
<td>MAP - $5</td>
<td></td>
</tr>
<tr>
<td>FLASHLIGHT - $20</td>
<td></td>
</tr>
<tr>
<td>CANTEEN - $20</td>
<td></td>
</tr>
<tr>
<td>HIKING BOOTS - $75</td>
<td></td>
</tr>
</tbody>
</table>

Grand Total

Deseret News
Money Matters
Debit vs. credit cards

BY NATHAN ANDERSON
MOUNTAIN AMERICA CREDIT UNION

There are advantages and disadvantages to both debit and credit cards. Understanding the pros and cons of each will allow you to decide which option is best for each circumstance.

Protect against fraud
The Fair Credit Billing Act means you have zero liability for fraudulent purchases or poor quality, damaged or undelivered merchandise. Because debit card purchases withdraw directly from your checking account, problems like these are more difficult and time consuming to dispute. Credit cards provide more time to dispute the fraudulent charge before payment is due.

Most financial institutions have recently added EMV chips to their debit and credit cards to advance payment security. The EMV chips make fraudulent charges more difficult since each use creates a unique transaction code that cannot be duplicated.

Earn rewards
Most financial institutions don’t offer traditional rewards or offer fewer reward points with debit cards. Many credit cards offer points or a cash bonus upon opening the card that enable you to travel and enjoy other experiences. Others offer cash back on everyday purchases, giving you built-in discounts on things you buy already.

Budget wisely
A debit card helps keep you within your spending limits and gives you a secure way to not overspend. A credit card gives you access to spend whenever you need it.

Build credit
A credit card helps you build a credit score. When it comes time to buy a house or a car, or obtain another kind of loan, you’ll need a good credit score. When credit card balances are paid consistently each month, this tells the financial institution that you are trustworthy and reliable with finances.

Find the right choice for you
Having both cards in your wallet can provide greater flexibility. Whether you prefer credit, debit or a combination of the two, remember that spending with a card requires discipline. To stick to your budget, keep track of exactly what you’re spending and pay your credit cards off each month to avoid unnecessary interest.

Nathan Anderson is the Executive Vice President/Chief Operating Officer at Mountain America Credit Union.

DEBIT CARD:
Debit cards act like a check, directly withdrawing money from your checking account. Generally, you must use a PIN number to complete a debit card transaction. If there is not enough money in your checking account, the transaction won’t clear.

CREDIT CARD:
Credit cards are a line of credit—the financial institution fronts the cost of the charge and you pay back the amount at a later date. The amount of credit is determined by income, credit score, debt-to-income ratio and payment history. Typically, interest begins to accrue one month after a purchase is made.

Did you know?
Mobile Card Manager allows you to temporarily disable your credit or debit card if it is lost or misplaced. Other features include setting travel notifications, changing your PIN, requesting a new card and activating a new or replacement card.

Which card does what?
Understanding the difference between how a debit card is different from a credit card can help you choose the best option for managing your finances.

Immediately withdraws money from a checking account.

Acts as a line of credit and charges interest after 30 days.

Allows the user to build credit.

Requires a PIN number to complete transaction.

There is more time to dispute fraudulent charges with this card.
Other than getting a mortgage, buying a car will most likely be the largest financial commitment you make. Understanding the costs will help you understand what you can afford.

Step 1: Determine the total cost of ownership
Begin by establishing your budget. Consider the following:

> **Down payment and trade-in value:** Get the most out of your current car by confirming its value at Kelley Blue Book (kbb.com) or Edmunds.com. In addition to your trade-in, set aside funds for a down payment to avoid getting “upside-down” on your loan.

> **Monthly payment:** Your credit score will determine the interest rate for which you qualify. Get preapproved at your financial institution before visiting a dealership.

> **Fuel economy and mileage:** The type of vehicle and the frequency with which you drive have a large impact on the cost of ownership. Consumer Reports estimates that fuel, on average, is the second-largest cost of ownership at 24 percent.

> **Insurance:** Costs vary depending on many factors, including your age, location and driving record. While most states have mandated limits of liability, these limits may not provide sufficient coverage. Your insurance agent can help you determine if additional coverage is needed.

> **Taxes and registration:** The national average for sales tax is 5 percent of total ownership costs. Additionally, each state charges annual vehicle registration fees.

> **Maintenance and repairs:** According to Consumer Reports, maintenance and repairs make up 4 percent of ownership costs. These costs can be reduced by leasing, buying new or buying an extended warranty.

**Step #2: Determine what you should purchase**
Once you have determined your budget, you will need to decide between leasing versus buying and new versus used vehicles. Your personal circumstances will determine the best option for you.

### **NEW VS. USED**

#### Maintenance and repairs

<table>
<thead>
<tr>
<th></th>
<th>New</th>
<th>Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil changes and basic tune-ups</td>
<td>Typically all that is needed for the first few years.</td>
<td>Maintenance and replacement costs will be higher on a used car.</td>
</tr>
</tbody>
</table>

#### Depreciation

<table>
<thead>
<tr>
<th></th>
<th>New</th>
<th>Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>New autos will typically take the largest drop in value during the first year—maybe even in the first few months.</td>
<td>Buying a late-model (1-3 years old) preowned vehicle means the driver buys it after the big depreciation hit takes place.</td>
<td></td>
</tr>
</tbody>
</table>

#### Warranty

<table>
<thead>
<tr>
<th></th>
<th>New</th>
<th>Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturers cover new vehicles for a minimum of three years, and some warranties last up to 10 years or 100,000 miles.</td>
<td>Most dealerships and financial institutions offer extended warranties on used cars.</td>
<td></td>
</tr>
</tbody>
</table>

Jade Beckman is the Vice President of Consumer Lending at Mountain America Credit Union.
## Money Matters

### Payment Protection

**Coverage:**
Protects your loan in the event of unexpected illness, job loss, injury or death.

### Guaranteed Asset Protection (GAP)

**Coverage:**
Protects you from financial loss if your car is totaled or stolen.

### Vehicle Protection Plan (VPP)

**Coverage:**
Helps cover mechanical or electrical expenses. In addition, VPP also provides comprehensive roadside assistance, nationwide coverage and the flexibility to choose a repair facility of your choice.

## Leasing vs. Buying

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Leasing</th>
<th>Buying</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driver does not own the vehicle and must return or purchase it at the end of the lease term.</td>
<td>Driver owns the vehicle at the end of the financing term.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly payments</th>
<th>Leasing</th>
<th>Buying</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typically lower than a monthly loan payment—the driver is paying only for depreciation during the lease term, plus rent charges, taxes and other fees.</td>
<td>Typically higher than monthly lease payments—the driver is paying for the entire purchase price, plus interest, finance charges, fees and taxes.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mileage</th>
<th>Leasing</th>
<th>Buying</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most leases limit the number of miles a driver is allowed to drive, and the driver will be charged for exceeding the mileage allotment.</td>
<td>The driver may drive an unlimited amount, but the total mileage will affect the trade-in and resale value.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maintenance and repairs</th>
<th>Leasing</th>
<th>Buying</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major repairs will be covered on a manufacturer's warranty for at least the first three years. Some leases also include free maintenance.</td>
<td>While your maintenance and repair costs are typically more, most people save money by buying a car.</td>
<td></td>
</tr>
</tbody>
</table>

## Resources

When determining if it's the right time to buy or lease a new car, use the following resources:

- **Auto Center:** macu.com/autocenter
- **Edmunds:** edmunds.com
- **Car and Driver:** caranddriver.com
- **Consumer Reports:** consumerreports.org/cars
Money Matters

BY CHAD WADDOUPS
MOUNTAIN AMERICA CREDIT UNION

Have you wondered what it will take to have a million dollars by the time you retire? Getting to a million is doable thanks to compound interest, but compounding needs time to work. The best tip: Make your retirement a priority early. In addition to starting early, don’t leave money on the table if your employer offers matching 401(k) contributions. Create a plan that fits your situation. Consult with a wealth advisor to determine how best to prepare.

Chad Waddoups is the Vice President of Investment and Insurance services at Mountain America Credit Union.

>> BY THE NUMBERS

Benefit by saving early

Saving fundamentals: Harnessing the power of compounding can greatly impact the amount of savings over the long term.

Chris
Chris invests $5,000 annually between the ages of 25 and 65. In total, he invests $200,000.

Susan
Susan invests $5,000 annually between the ages of 25 and 35. In total, she invests $50,000.

GROWTH OF SAVINGS ACCOUNTS^
What does it take to become a millionaire?

$1,200,000

$1,000,000

$800,000

$600,000

$400,000

$200,000

$0

25 30 35 40 45 50 55 60 65

$1,142,811

$602,070

$540,741

Benefit by saving early

$1 grows up

The following chart shows how a $1 contribution will compound by age 65 depending on when it is invested.*

<table>
<thead>
<tr>
<th>Age</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>$5.84</td>
</tr>
<tr>
<td>25</td>
<td>$4.80</td>
</tr>
<tr>
<td>30</td>
<td>$3.95</td>
</tr>
<tr>
<td>35</td>
<td>$3.24</td>
</tr>
<tr>
<td>40</td>
<td>$2.67</td>
</tr>
<tr>
<td>45</td>
<td>$2.19</td>
</tr>
<tr>
<td>50</td>
<td>$1.80</td>
</tr>
<tr>
<td>55</td>
<td>$1.48</td>
</tr>
</tbody>
</table>

*These are hypothetical examples and are not representative of any specific situation. Your results will vary. The hypothetical rates of return used do not reflect the deduction of fees and charges inherent to investing.

Understand the differences between the various retirement paths

<table>
<thead>
<tr>
<th></th>
<th>Traditional 401(k)</th>
<th>Traditional IRA</th>
<th>Roth 401(k)</th>
<th>Roth IRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>Interest, dividends and capital gains accumulate tax-free until withdrawn. Taxes on contributions and earnings are applied when the money is withdrawn, based on your tax bracket at the time of withdrawal.</td>
<td></td>
<td>Contributions are made on an after-tax basis and earnings grow tax-free.</td>
<td></td>
</tr>
<tr>
<td>Age requirements</td>
<td>Subject to required minimum distributions at 70½.</td>
<td></td>
<td>Can contribute until you’re 70½. Not subject to minimum annual distributions once you hit a certain age.</td>
<td></td>
</tr>
<tr>
<td>Maximum contributions and income restrictions</td>
<td>Has no income restrictions. For 2017, the maximum contribution is $18,000.</td>
<td>Has no income restrictions. For 2017, the maximum contribution is $5,500.</td>
<td>Has no income restrictions. For 2017, the maximum contribution is $18,000.</td>
<td>For 2017, single individuals making less than $133,000 and joint filers making less than $196,000 are eligible to contribute. The maximum contribution is $5,500.</td>
</tr>
<tr>
<td>Catch-up provisions</td>
<td>Individuals over 50 can add an additional $6,000 per year.</td>
<td>Individuals over 50 can add an additional $1,000 per year.</td>
<td>Individuals over 50 can add an additional $6,000 per year.</td>
<td>Individuals over 50 can add an additional $1,000 per year.</td>
</tr>
</tbody>
</table>

Anne invests $5,000 annually between the ages of 35 and 65. In total, she invests $150,000.

Securities and advisory services offered through LPL Financial, member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates. Mountain America Credit Union and LPL Financial at Mountain America are not registered broker/dealers and are not affiliated with LPL Financial.
Your credit score is a snapshot of your current financial situation, providing creditors important information on your ability to keep up with payments and bills. Developing a good credit history can save you money and provide you with better financial opportunities.

**Your guide to building a better credit score:**

**Know and manage your credit score:** This will give you a plan of action on how to improve or maintain your score. Review your credit report quarterly to confirm that everything is accurate. Visit the Experian, TransUnion and Equifax websites for more information. You can also review your credit report for free once a year at annualcreditreport.com.

**Pay on time:** Delinquent payments and collections are a major factor in lowering your credit score.

**Stay below 30 percent credit utilization rate:** Based on your total credit limit, determine your recommended credit utilization threshold, and set up balance alerts to ensure you do not exceed this number. For a $5,000 line of credit, 30 percent credit utilization would be $1,500.

**Avoid opening and closing credit cards:** Only apply for new credit card accounts as needed. A hard inquiry by a lender or credit card issuer will affect your credit for a year. Keep existing accounts open, as credit length has a positive impact on your score.

**Minimize existing debt:** Rather than only moving debt from one card to another or one loan to another, focus also on paying debt down.

Your efforts to maintain or improve your credit score will pay off over time. In addition to getting better interest rates on mortgages and other loans, you can receive discounts on insurance policies and increase your borrowing capacity.

**Benefits of a high credit score:**

**Lower interest rates:** Lenders are more likely to extend an attractive rate to those with a high credit score and clean credit history. According to creditseame.com, having a score of 650 versus 760 can cost an additional $125 per month on a 30-year fixed-rate mortgage loan.

**Excellent credit card deals:** Credit-savvy consumers know that it pays to use reward credit cards when the balance is paid each month. The best rewards cards provide attractive incentives, a variety of rewards, cash-back options and competitive rates.

**Lower insurance rates:** Enjoy a better rate on auto, home and life insurance as a result of stellar credit and a consistent payment history.

**Increased credit card limits:** When you manage credit responsibly, your borrowing capacity increases. Request an increase directly, or receive one periodically from your credit card company. Since the ratio of available credit plays a role in calculating your score, raising the limit could also bump you up a few points.

**More negotiating power:** Don’t be afraid to use your credit score as leverage when negotiating a deal. Get a higher line of credit, lower interest rates or work out an attractive repayment plan with your solid credit history.

Sharon Cook is the Senior Vice President of Marketing/ Web/Public Relations at Mountain America Credit Union.

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**Did you know?**

On a $25,000 auto loan, you would pay $455 a month with a super-prime credit score (above 740 typically) and $575 a month with a subprime credit score (below 660 typically). Additionally, a super-prime score would save you $7,231 in interest over five years.
Keys to Success: honoring educational commitment

Sponsored by Ken Garff Automotive and Mountain America, the Keys to Success program inspires high school students to succeed by improving their educational performance. Prizes and scholarships are presented to top performers, with five of the top students winning a brand-new car and five receiving Mountain America academic scholarships.

High school students interested in participating should meet with a teacher and set an academic goal. Once the goal is achieved, the student receives a Key Card, which allows them to visit ktsutah.com and pick a prize of their choice. Additionally, it allows them to apply for Keys to Success scholarships. For more information, visit ktsutah.com.

2017 KEYS TO SUCCESS WINNERS

Ari Mendoza
Olympus High School

Kendyl Iocona
West Lake High School

Janiece Brady
Tooele High School

Jessica Murry
Alta High School

Jaylie Bastian
American Fork High School

Eligible finalists must first earn a Key Card and also fulfill three of seven qualifying criteria. Fifty finalists are randomly selected from eligible Key Card recipients.

Qualifying Criteria:
1. Earn a 2.5 GPA or above.
2. Achieve 90 percent attendance.
3. Enroll in a math class.
4. Take AP or concurrent enrollment classes, or participate in the IB program.
5. Apply for post-secondary training (e.g., college or vocational school).
6. Take or have taken the ACT or SAT test.
7. Requirement set by school, approved by program.
Whether you’re ready to buy your first home or upgrade to a new home, consider the following to determine if the time is right for you.

**Available inventory and appraisal values:** With the changing real estate market, many areas are experiencing a housing shortage that is driving up costs. Selling in a hot market will give you more for your current home, but it will also mean you will pay more for a new house. Consider the location, property features and the price of new homes to determine where you can compromise. Before selling your current home, look at available options in your price range and preferred neighborhood.

**Competition:** Home availability determines the level of competition. When the market is higher, buyers may need to pay above asking price. If you do this, be prepared to cover the difference out of pocket. Additionally, sellers are not apt to pay closing costs in a hot market, so you’ll want to ensure you have enough cash — in addition to your down payment — to pay your own closing costs.

**Mortgage rates and prequalification:** Lower mortgage rates help to offset increased home values. Before looking for homes, get prequalified for a mortgage. This will give you a chance to review your credit score and determine what you can afford.

**Home value:** If you determine purchasing a new home is too costly or you cannot find your dream home, consider adding value to your current home. Once the time is right to sell, you’ll get more from your investment while gaining something new to enjoy in the present.

Amy Moser is the Vice President of Mortgage Services at Mountain America Credit Union.
6 WAYS TO ADD VALUE TO YOUR HOME

1. **REMODEL THE KITCHEN.** Potential buyers don’t want to redo the kitchen themselves. If you’re planning to do soft upgrades, simple things like painting the cabinets or updating the backsplash can make a huge difference.

2. **MAXIMIZE YOUR SPACE.** Strategically maximize your living space by making existing rooms more open, finishing basements and applying finishing touches to incomplete areas.

3. **UPDATE THE BATHROOMS.** Add value by applying consistent updates throughout all of the bathrooms.

4. **ADD LIGHT.** Many homes built even 10-15 years ago do not have adequate lighting. Skylights and canned lighting can make a big difference.

5. **INCREASE CURB APPEAL.** Fertilize your lawn, and add new trees and vegetation to change the feel of your home.

6. **MAINTAIN/ADD A DECK.** Regular deck staining can help make your home more appealing to a buyer. If you decide to add a deck, don’t make it too small. Shoot for something that can comfortably fit 8-10 people.

To get the most value for your money, sit down with a financial expert beforehand to determine your overall budget and expenses. They can help you make your dreams a reality.
GUIDING YOU FORWARD

Mountain America Credit Union assists members on the right path to help them identify and achieve their financial dreams.

Let us help you on your financial path.