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Summer 2021

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HOLIDAY SCHEDULE

Labor Day:
Sep 6 - Closed

Columbus Day:
Oct 11 - Closed



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Our website upgrade is finally complete! Have you seen the all-
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MasterCard® Platinum card will be, depending on your creditworthiness at account
opening, a 10.99% - 18.00%. This APR will vary with the market based on the Prime
Rate. There is a 3% transaction fee of each cash advance. The Foreign Transaction Fee
is 1% of each foreign transaction in U.S. dollars. Rates and terms are subject to change
without notice. Membership conditions may apply.

Inflation Creeping Higher, Should I Worry?

You may have heard inflation has been rising in recent months as the economy rebounds from the effects of the COVID-19 pandemic. Should you be worried? The answer is an unequivocal yes, no, or maybe!

Seriously, inflation is always a concern for economists, because if prices rise broadly in a rapid fashion, it in essence steals money from the wallets of consumers. A small amount of inflation is considered part of a healthy economy, because it encourages wage growth and innovation.



Here is a 30-second lesson in economic policy: the United States established the Federal Reserve System to act as country's central bank. You may have heard news stories about "the Fed" raising or lowering interest rates – that is the nickname of the Federal Reserve. The Federal Open Market Committee, a 12-member board, sets U.S. monetary policy per its mandate from Congress: to promote maximum employment, stable prices, and moderate long-term interest rates in the U.S. economy.

In general, when economic conditions are strong – for example, in the several years prior to March 2020, when the pandemic forced stay-at-home orders that shuttered many businesses – the Fed tends to raise what is known as the federal funds rate; thereby making borrowing more costly to keep the economy from overheating. Conversely, when a slowdown hits (as it did in 2008 and in 2020), the Fed lowers the federal funds rate to promote low-cost loans and boost the economy.

One of the many factors the Fed considers at its eight scheduled meetings each year is inflation.

For years the Fed has said it believes 2% inflation each year is a Goldilocks number – not too high, not too low, but just right! When the economy shut down in 2020, inflation all but disappeared because many prices dropped. However, as the world has emerged from its 14-month hibernation, prices have increased, and dramatically so in some cases.

According to the most recent report by the U.S. Bureau of Labor Statistics, over the last 12 months ending in May, inflation was up 5% before seasonal adjustment. Inflation has been going up each month since January, but the May figure worried some economists because it was the largest 12-month increase since a 5.4-percent increase in 2008. Specifically, the construction industry saw a dramatic rise in the cost of lumber and other raw materials needed to build houses. Automobile prices also are up sharply.

So should you be worried? Many economists have pointed out some price increases in 2021 are due to sharply lower prices in 2020 (For example, airline tickets). Also, several price increases are due to supply shortages and bottlenecks as dormant industries have come back to life. They expect these issues to be resolved and prices to moderate by the end of 2021 or early in 2022. The Fed released a statement in June saying because inflation has been less than 2% for years, it will allow inflation of more than 2% for "some time" before it raises rates. Something to keep an eye on, but no need for panic.



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N North Jersey Federal
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*APR is the Annual Percentage Rate. Rates are subject to change without notice. Restrictions may apply. Rates are for qualified members and are subject to credit approval and loan to value restrictions. Rates may vary depending on credit worthiness, loan amount, loan term and value of your home. All applications are subject to appraisal fees. Qualified members do not pay for the following fees: title fees, processing fees, settlement fees, underwriting fees or credit reports. The 1.99% rate is good for either 6 months and the 2.69% rate is good for 12 months then both convert to Prime+ 0. Promotion is for new money only. 8 years to draw and 15 years to pay. Minimum draw is \$25,000. Minimum rate begins at 5% for life of the loan, with a maximum rate of 18%. Minimum monthly principal payment is \$125. Cannot be combined with any other offers. Promotion can expire at any time.

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*APR = Annual Percentage Rate. Rates Are Subject To Change Without Notice And Restrictions May Apply. Rates Apply To New Vehicles. Rates May Vary Depending On Credit, Loan Amount, Loan Term And Value Of Your Vehicle. DMV And Other Fees May Apply. A 5-Year, Fixed-Rate New Car Loan For \$25,000 Would Have 60 Monthly Payments Of \$449.11 Each, At An Annual Percentage Rate (APR) of 2.99%. Members With Auto-Pay, Direct Deposit, And A NJFCU MasterCard Credit Card May Be Eligible For An Annual Percentage Rate (APR) Deduction Up To 0.75%. **Refinancing APR Rates Are Subject To Change Without Notice And Restrictions Apply.

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Bottom Line Up Front

A credit score helps lenders determine how much credit to lend to you and the likelihood you'll be able to pay it back. A good score can help you qualify for better rates on credit cards, car loans or a mortgage. Your credit score is based on a number of factors, including your payment history, your total debt and how long you've been managing credit. Reviewing your credit report annually is the first step to improving your credit score.

Having good credit is one of the keys to financial freedom. With it, you'll not only qualify for better rates from lenders, but it can even help you land an apartment or job since landlords and employers may use credit scores to make decisions about who to rent to and hire. A higher credit score indicates that you can manage your money and are a responsible borrower.

What's a Credit Score?

Your credit score is a numeric rating of your credit history as well as other related factors. It's intended to convey to lenders and others how risky it might be to extend credit to you.

In the U.S., 2 main companies lead the credit scoring industry: FICO® and VantageScore®. While both companies develop credit scores and measure them in a range from 300 to 850, they calculate them slightly differently. The bottom line: the higher your score, the better your credit.

Some lenders use custom credit scores, which are usually built on the same criteria, but tailored for specific lenders or industries, such as auto loans. While lenders decide their own ranges for credit scores, scores under 580 are generally considered to be poor, while "good credit" is usually anything over 670. A score over 800 is excellent.

How Is My Credit Score Calculated?

Five factors are used to determine your credit score:

1. Payment history: Do you pay your existing debts on time?
2. Amount owed: How much debt do you currently owe? How does that compare to the amount of credit you have available to you? Learn more about your credit utilization ratio.
3. Length of credit history: How long have you been managing credit? In other words, how much experience with credit do you have?
4. Types of credit: Do you have a mix of different types of accounts, such as credit cards and other types of loans?
5. Newly opened credit accounts: How much of your debt is new? Have you opened several new accounts in a short period of time

**These 5 categories may be weighted differently depending on the type of score.*

How Can I Improve My Credit Score?

A good first step is to look at your credit reports. Each major credit bureau—Equifax®, Experian® and TransUnion®—compiles information from lenders who have provided you credit. This information includes the number and types of credit accounts you use, how long they've been open and whether you've paid your bills on time. Your credit report is a summary of open and closed accounts, outstanding balances, recent inquiries and negative items (late/missed payments, bankruptcy, tax liens, etc.).

You can order 1 free credit report a year from each bureau (Order through the government-authorized www.annualcreditreport.com). Doing so helps you identify fraudulent activity or errors. A good strategy is to order a free report from a different bureau every 4 months; this way, you'll keep year-round tabs on what's being reported about you.

How to Survive the Current Seller's Market

To say the current real estate situation is a "sellers' market" is quite an understatement! Prices are soaring in most areas across the country, and North New Jersey is no exception.

Most school children are introduced to the most basic concept of a capitalist economy in the latter years of elementary school – supply and demand. Right now, the very simple reason why home prices are appreciating at staggering rates is... demand is outstripping supply. More people are looking to buy homes than there are houses available, which leads to bidding wars, and prices rise.

The New Jersey Realtors Association provides a wealth of information to consumers on a monthly basis. A review of the seven-county area that North Jersey FCU serves (Bergen, Essex, Hudson, Middlesex, Morris, Passaic and Union) shows median sales prices for single family homes have appreciated by double-digits from May 2020 to May 2021, while inventory has declined sharply. One bit of good news: condos and townhouses are relatively affordable.

Here are the median sales prices for single family homes (with % change), county by county, with percent change in available inventory:

	<u>May 2020</u>	<u>May 2021</u>	<u>Inventory</u>
Bergen	\$535,000	\$630,500 (+17.9%)	-39.7%
Essex	\$475,000	\$575,000 (+21.1%)	-40%
Hudson	\$427,000	\$510,000 (+19.4%)	-16.1%
Middlesex	\$380,000	\$435,000 (+14.5%)	-31%
Morris	\$470,000	\$570,000 (+21.3%)	-42.9%
Passaic	\$370,000	\$440,450 (+19.0%)	-31.6%
Union	\$400,000	\$470,000 (+17.5%)	-37.1%

Condos and townhouses, in contrast, are showing smaller increases in prices. For example, in Bergen

County this category of housing is up 8.2% year over year, up 7.3% in Passaic County, 8.1% in Essex County, 8.2% in Union County, and only 4% in Middlesex County. Condo/townhouse

median sales prices actually are down 1.8% in Morris County and 0.2% in Hudson County. So those looking to jump into the real estate market should take a look at opportunities in less-heated areas.

For those looking to buy a single family home, NJ Realtors does not have a lot of good news in its

most recent monthly report. The organization says inventory is low all over the country, and home builders are constrained by high costs of lumber and other materials needed to construct new houses. Due to the pandemic, many construction projects stopped completely – similar to the Great Recession in 2008-09. It took nearly two years for the industry to ramp up back then, but prices were low due to the collapse of the housing market. In 2020-21, home prices never fell despite the recession caused by the COVID-19 pandemic.

Patience is the key. Don't rush out and buy a house just because you think you need to. Consider buying a condo or townhouse to get your foot in the door. If you are handy, buy a fixer-upper and fix it up! With demand high, builders are moving as fast as they can to create new inventory, so eventually the market will moderate.



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Why Should You Consider a Personal Loan from NJFCU?

Personal loans can ease pressing money issues. However, many Americans today use the money from their personal loans for multiple other purposes. For example, financing home repairs, catering to medical expenses or paying off debts. Personal loans can also come in handy to build your credit score or financial health. People with personal loans nearly doubled from 11 million in 2010 to about 21 million in 2020, while loan debt tripled from \$55 billion to \$162 billion, according to an official report.

Here's a look at why personal loans from a credit union make sense:

How do Personal Loans Work?

A personal loan is a fixed-term financial product with a typically lower annual percentage rate. You pay it back with interest in monthly payments. The loan is closed once the amount is paid in full. There are two basic kinds of loans - Secured and Unsecured.

Secured loans are those that require you to offer collateral, which the lender can claim if you default on repaying the loan. Unsecured loans are those that do not require the borrower to furnish any assets against which the loan is taken. In case such a loan is not repaid, the lender can file a lawsuit to get back the debt with interest. Defaulting on payments affects your credit score and dramatically increases borrowing costs in the future. So, it's best to figure out the monthly payment and whether you can afford it or not, before taking out the loan.

Some entrepreneurs also raise personal loans to kickstart their startups, since credit constraints are quite normal for entrepreneurs.

Why is Credit Union a Good Option?

A credit union is a member-owned not-for-profit organization that offers interest rate discounts and low fees, according to an article by Business Insider. Here's a look at why they are a good choice for raising personal loans. A credit union:

1. Is highly accessible with additional services, rather than being big and formal like traditional banks.
2. Assures an honest, transparent and open-minded process.
3. Is less likely to have hidden fees and administration charges.
4. More willing to work with you, even if you have an unsatisfactory credit score.
5. Allows you to repay ahead of time or reschedule your payments without worries.

Credit unions are a more 'human' way of accessing loans. Individual circumstances, obligations and responsibilities are taken into careful consideration. Credit union professionals are ready to guide you through the entire process, which makes this a community-focused and more friendly choice.

