

NEW WAVE

Savers Account
Youth Newsletter



P.O. Box 2966
Mobile, AL 36652

SAVE FOR YOUR FUTURE!

National Credit Union Youth Month Drawing

Starting **April 1 through April 30, 2024**, stop by any of our branches and make an in-person deposit of \$25 or more into your New Wave Savers savings account to be entered into our Credit Union Youth Month contest! Additional \$25 or more deposits throughout the month increase your chances of winning.

Three (3) random winners will

be drawn and contacted by **May 24, 2024**, with the first randomly drawn name winning the Grand Prize, second random name winning second place, and third random name winning third place.

Prizes:

- Grand Prize:** \$100 Visa® Gift Card
- 2nd Place:** \$50 Visa® Gift Card
- 3rd Place:** \$25 Visa® Gift Card

Scan the QR code for complete rules!



How Does a Loan Work?

A **loan** allows you to spread out the cost of buying a home or a car in small payments over time instead of having to pay full price at once. For example, if a new car costs \$20,000, it's easier to take out a loan and pay \$378 each month instead of waiting to have \$20,000 in your account.

Why would a credit union lend money? Because we make money by charging interest, which helps us lend more money to other members! **Interest** is a percentage of money you need to pay on top of the money you borrowed. For example, if you take out a car loan of \$20,000 at an interest rate of 5% for five years, you end up paying \$22,680 instead of \$20,000. Which means that after five years, the credit union made \$2,680 from the interest rate.

Practice Borrowing!

Now that you know how a loan works, ask your parents if they'd give you a loan to purchase an item you're saving for to help you learn the importance of being a responsible borrower! You and your parents will have to consider the following:

1. Is the item worth taking out a loan?

Does the item have lasting value? Will you use it enough?

2. Can you realistically pay your parents back in a timely manner?

If the item you want is too expensive, you may get frustrated with how long it will take to pay your parents back! Also, consider how you'll earn money to pay them back. Will you babysit, mow the lawn, or get paid for chores?

3. Have you saved money for the item?

Say you want an item that costs \$100, but already saved \$30. This means you only need to borrow \$70 from your parents.

4. What will the interest rate be?

To realistically help you understand the responsibility that comes from borrowing money from a credit union, the money you borrow from your parents will come with interest to hold you accountable. Start with a low interest rate to help you practice. Remember, if you're late on your payments, you'll end up owing more money than you borrowed!

5. What's the length of the loan?

Try not to make the loan repayment too short as you may not earn enough to pay it back, but also, not too long that you and your parents forget about it.

6. When will you make payments?

Decide if your payments should be made weekly or monthly.

7. Do you have other expenses to consider?

Set up a payment plan that still leaves you with enough money for the other things you want.

Most importantly, ask yourself if you are ready for the responsibility! You can't just ask for money and hope your parents forget about it. In order to practice and fully grasp the concept of borrowing money, you and your parents need to be committed to this lesson!

Good Grades Drawing

Parents: We are accepting spring semester report cards for our July 15 good grades drawing!

Submit your child's A/B report card to marketing@newwhcu.org or drop it off at your nearest branch, for their chance to win \$50 and a New Wave Savers backpack. Drawing will be held July 15 and the winner will be contacted via email.

Please make sure to include a phone number or email on the report card so we may contact you if your child is our winner.

Update Your Child's Information!

Recently moved? Got a new phone number or email? Make sure your child's **New Wave Saver account** information is up to date to ensure your child receives important updates or mailings and avoid the \$5.00 bad address fee! Call us at 251-316-3240 to make the updates, or update it via Online Banking!



Sometimes it's silver, but also gold. Printed on paper it's a treasure to hold! What is it?

NEW WAVE

Savers Account
Teen Newsletter



P.O. Box 2966
Mobile, AL 36652

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4 Essential Financial Concepts to Understand

Whether you're in middle school or high school, there are 4 essential money concepts you need to understand before stepping into the "adult" world!

1. The Power of Compound Dividends
When you invest money into a **dividend** earning account, your money will exponentially grow by the time you retire! How? Here's an example:

You save \$1,000/year starting at age 15 into an account with 3% annual dividends, **compounded monthly**. By the time you reach retirement age, you'll have saved \$119,787.12!

On the other hand, if you save \$1,000/year in cash, you'll only have about \$55,000 by the time you retire because your money is not earning interest.

2. Live Below Your Means

Have you heard the saying "keeping up with the Joneses"? This idiom refers to trying to keep up with your neighbor who seems to have it all – the house, the cars, the vacations, etc. But remember, they may or may not be living in debt!

Instead, pay yourself first (**make a deposit into your New Wave Savings Account**) and think thoroughly about a purchase before you spend money. It's okay to splurge from time to time, but remember to do it for yourself and not because you're trying to keep up with the Joneses.

3. Money is a Tool

Let's get something straight – money does **NOT** buy happiness. Yes, money can help you live the life you want and ease some of the worries of surviving the "adult" world, but it will never buy happiness. When you understand this concept and use money responsibly, you set yourself up for financial success!

4. Make Good Debt Choices

At some point in life, you'll need a **loan** to buy a home. To get that loan, you'll need a good **credit score**. To build that credit score, you can start with a credit card – your parents can co-sign a low credit line credit card to help get you started. And in order to get that loan, you need to make good debt choices.

You need to choose a credit card with a low **interest rate**. You'll also need to keep your spending below 30% of your **available credit**. Always pay your debt on time or before the due date, and if you can, pay the balance in full.

Credit cards are essential to help you build credit. They can open many doors, but they can also close them if not used responsibly. Make good debt choices at a young age to set future you up for financial success!

Financial Terms:

Compound Dividend: Money earned on the money you've saved and on the **dividend** earned along the way.

Dividend: Money earned on the money you invest.

Compounded Monthly: Interest applied in parts each month. *Ex: 12% interest means you earn 1% interest per month for 12 months.*

Loan: Money borrowed from a credit union that is expected to be paid back with **interest** (see interest rate).

Credit Score: Number assigned to a borrower that indicates to lenders the borrower's capacity to repay a loan.

Interest Rate: Percentage based on the amount of the loan that must be paid back as part of the borrowing

2024 SCHOLARSHIP APPLICATION

Attention High School Seniors!

Download our 2024 scholarship application to be one of five students selected to receive \$1,000 for college!

Visit NewHCU.org/accounts/new-wave-savers-account to download the application. Don't delay!

DEADLINE: APRIL 1



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process. *Ex: 5% interest rate on a one year \$1,000 loan means you'll actually owe \$1,027.29.*

Available Credit: Amount of money that is available in a credit card, given the current balance on the account. *Ex: You spend \$500 out of the \$5,000 credit limit. Your available credit is \$4,500.*

Credit Limit: Total amount that can be borrowed from a credit card.