Dear Members,
As we say goodbye to a 2020 that was tumultuous to say the least, we enter 2021 with a renewed sense of hope and optimism for many reasons unique to all of us. The strength and resilience of our communities continue to light the way towards recovery, and here at KCT we are proud to be a part of it.

As COVID continues to impact our members in numerous ways, we recognize that many are facing financial hardships during this pandemic. If you are having trouble making loan payments, please contact our Member Loan Assistance department to discuss your situation. The sooner you contact us, the more options we have to assist you. We will do our best to work with you in setting up a plan to keep missed payments from harming your credit. You can call us at (847) 278-8417 or email us at memberloanassistance@kctcu.org. We’ve also made it easy to make a payment online at kctcu.org/Payments.

All you need to know about today’s real estate market
Are you considering buying or selling a home in 2021? In this issue, we’ll cover everything you need to know about the current real estate market, including how the homebuying process has changed due to COVID. As always, KCT has Residential Lending Specialists available to assist you every step of the way whether buying, refinancing, or if you just have questions.

All about checking accounts
Are you taking advantage of everything your checking account offers? Most people hardly give a second thought to this important account and how to best manage it effectively. We’re here to change that. In this issue we cover fees, rates, security, automated payments and more.

5 Reasons we overspend (and how to overcome them)
What makes us overspend? Do we feel the need to keep up with others? Is there a budget plan in place with discipline? These are just a few questions that need to be addressed. In this issue, we’ll take a look at five common reasons we overspend and how we can overcome them.

Mike Lee  President/CEO

Branch Locations
Elgin
111 S. Hawthorne St.
Elgin, IL 60123

Downtown Elgin
270 N. Grove Ave.
Elgin, IL 60120

South Elgin
121 S. McLean Blvd.
Suite A
South Elgin, IL 60177

Geneva
28 N. 5th St.
Geneva, IL 60134

Aurora
320 E. Indian Trail Rd.
Aurora, IL 60505

Holiday Closings
MLK Day - January 18th
Presidents Day - February 15th
Memorial Day - May 31st
Independence Day - July 4th
Q: The news from the real estate market can be confusing. What do I need to know as a buyer, a seller, or just an American citizen, about today’s real estate market?

A: Trends and stats in real estate are constantly changing, especially during the unstable economy of COVID-19. Here’s all you need to know about the real estate market today.

Is it a buyer’s market right now?
Actually, pickings are slim for homebuyers right now, giving sellers the upper hand and driving up prices for buyers. According to the National Association of Realtors (NAR), inventory was down nearly 20% in October 2020 compared to October 2019. Low supply also means homes are on the market for a shorter period of time than what would be likely in other years. According to the NAR, in October 2020, more than seven out of every 10 homes sold were on the market for less than a month. This means buyers don’t have the leisure of lingering over their decisions and may find themselves getting caught in heated bidding wars.

If you’re currently in the market for a new home, it’s best to be prepared to change some of the items on your list of must-haves into nice-to-haves. You may also want to expand your search to include other neighborhoods or home types than you originally planned. And of course, don’t forget to have your mortgage pre-approval in hand before beginning your search. This will give you a leg up on bidding wars and show sellers you’re serious about buying. Remember, KCT has Residential Lending Specialists available to assist you every step of the process, whether purchasing or refinancing. Call 847.741.3344, prompt 2 or visit HomeLoans.kctcu.org for more information.

What does low inventory mean for sellers?
An uneven balance of supply and demand that favors sellers means homeowners who are looking to sell will have more offers than anticipated. They may be able to choose the best offer for their home — perhaps even at a price that is higher than expected as well.
If you’re selling your home right now and have plans to purchase another, remember that the things making it easier for you to sell your home in this market will also work against you when you purchase a new one. Prepare for prices that may be above market value and a pressured buying environment.

Is home equity up?
According to the NAR, home prices have swelled to a national median of over $300,000, with October 2020 marking 100 consecutive months of year-over-year price gains. CoreLogic’s 2020 3rd Quarter Homeowner Equity Insights report shows that the average U.S. household with a mortgage now has $194,000 in home equity. These factors make it a great time to sell a home.

If you’re selling your home, it’s a good idea to work with an experienced agent to ensure you get the best possible offer for your home.

If you’re planning to buy a home in this market of increasing home prices, make sure to work out the numbers and determine how much house you can afford before starting your search.

If possible, consider choosing a 15-year fixed-rate conventional mortgage, which will give you the lowest overall price on your home.

Are interest rates still low?
Interest rates reached record lows in 2020 and economists are predicting low rates continuing through 2021.

For buyers, this helps make homes more affordable. However, it’s important not to let a low interest rate make you think you can afford a home containing a price tag that is really out of your affordability. As mentioned, be sure to run through the numbers and determine how much house you can really afford before you start looking at houses.

How is the home buying process different right now?
Many parts of the homebuying process are now being done virtually due to COVID-19 restrictions. Some sellers are only offering virtual tours to only very serious buyers. Other parts of the process, like the attorney review and the actual closing, may be done completely virtually using remote online notarization and electronic signature apps.

What do I need to know about the real estate market if I don’t plan to buy or sell a home this year?
According to Freddie Mac, equity will likely continue to rise in 2021. But it will be at a more controlled pace. You may want to monitor how much your home is worth this year since you may change your mind about selling before the year is up.

Similarly, if you’re a homeowner with no plans to move, this can be a great time to tap into your home’s equity with a home equity loan or line of credit from KCT Credit Union. Call us at 847.741.3344 or visit HomeLoans.kctcu.org to find out more.
All you need to know about checking accounts

The most obvious things in life are often overlooked, and your checking account is just one of them. Most people hardly give a thought to this important account and how to best manage it effectively. We’re here to change that.

Here's all you need to know about checking accounts:

**What is a checking account?**
Your checking account at KCT Credit Union offers easy and convenient access to your funds. The minimum balance required for opening a checking account is $25. Like most financial institutions, we also allow an unlimited number of monthly withdrawals and deposits.

Checking accounts are designed to be used for everyday expenses. You can access the funds in your account via debit card, paper check, ATM or in-branch withdrawals, online transfer or through online bill payment.

Making transactions using your KCT Visa debit card, or through KCT Online/Mobile banking, will automatically use the available balance in your account and lower the balance appropriately.

A paper check is also linked directly to your account, but will generally take up to two business days to clear. It's important to ensure there are enough funds in your account to cover a purchase before paying with a check.

**Maintenance fees**
Many banks charge a monthly maintenance fee for checking accounts.

According to Bankrate's most recent survey on checking accounts, only 38% of banks now offer free checking, compared with 79% in 2009. Monthly fees can be as high as $25 a month.

Fortunately, as a member of KCT Credit Union, you never have to worry about steep fees. KCT Credit Union's regular checking accounts have no monthly maintenance fees.

**Interest Rates**
Most checking accounts offer a very low Annual Percentage Yield (APY) on deposited funds, or none at all. Institutions that offer checking accounts with interest or dividends will generally charge a monthly fee, with the fee being higher for accounts that have higher rates. They also generally require a minimum balance in the account at all times or a minimum number of monthly debit card transactions. According to Bankrate's survey, you'll need to keep an average of $7,550 in an interest-yielding checking account at a bank to avoid a steep maintenance fee.

**Managing your checking account**
Managing a checking account is as simple as 1-2-3:

1 – Know your balance
It's important to know how much is in your account at all times. This way, you can avoid an overdrawn account, or having insufficient funds to cover your purchases. Being aware of how much money you have will also help you stick to a budget and spend within your means. You can check your balance anytime with KCT Online/Mobile banking.
2 – Automate your finances
Make life a little easier by setting up automatic bill payment through your checking account. You won’t miss the hassle of paying your monthly bills, and you’ll never be late for a payment again. As a bonus, you’ll save on the processing fee that is often charged on bill payments made via credit card. You can set up automatic monthly transfers from your checking account to savings so you never forget to put money into savings.

3 – Keep your account well-funded, but not overfunded
Financial experts recommend keeping one to two months’ worth of living expenses in your checking account at all times. This way, you’ll always have enough funds to cover your transactions without fear of your account being overdrawn. You’ll also be able to cover the occasional pre-authorization hold that a merchant may place on your debit card transaction until it clears.

It’s equally important not to keep too much money in your checking account. Once you’ve reached that sweet spot of two months of living expenses, it’s best to keep your savings in an account or an investment that offers a higher APY, such as a money market account or a CD.

Checking accounts offer the ultimate in convenience and accessibility. Now that you’ve learned all about these often overlooked accounts, let this financial tool help you manage your finances in the most effective way possible.
5 reasons we overspend
(and how to overcome them)

We’ve all been there...
Maybe it’s that I-gotta-have-it urge that overtakes us when we see a pair of designer jeans. Maybe it’s that shrug as we reach for the $6 cup of overrated coffee that says “I deserve this.” Or maybe it’s that helpless feeling as the end of the month draws near and we realize we’ve outspent our budget — again.

What makes us overspend? Let’s take a look at five common reasons and how we can overcome them.

1. To keep up with the Joneses
Humans are naturally social creatures who want to blend in with their surroundings. When people who seem to be in the same financial bracket as we are can seemingly afford another pair of designer shoes for each outfit, we should be able to afford them, too, right?

The obvious flaw in this line of thinking is that nobody knows what’s really going on at the Joneses’ house. Maybe Mrs. Jones’ expensive taste in shoes has landed the family deeply in debt and they are in danger of losing their home. Maybe her Great Aunt Bertha passed and left her a six-digit inheritance. Maybe all of her Louboutins are cheap knockoffs she bought online for $23 each.

Break the cycle: Learn to keep your eyes on your own wallet and to ignore how your friends or peers choose to spend their money. Develop a self-image that is independent of material possessions. Adopt this thinking when you feel that urge to overspend as a means to fit in: Let the Joneses keep up with me!

2. We don’t have a budget
A recent survey shows that 65% of Americans don’t know how they spent their money last month.

When all of our spending is just a guessing game, it can be challenging not to overspend. We can easily assure ourselves that we can afford another dinner out, a new top and a new pair of boots — until the truth hits and we realize we’ve overspent again.

Break the cycle: Create a monthly budget covering all your needs and some of your wants. If you’d rather not track every dollar, you can give yourself a general budget for all non-fixed expenses and then spend it as you please. One of the great features of KCT Online/Mobile banking is the ability to track spending and set alerts. Recent enhancements also include automatic categorization of transactions and simplified transaction descriptions, making budgeting even easier.

3. To get a high
Retail therapy is a real thing. Research shows that shopping and spending money releases feel-good dopamine in the brain, just like recreational drugs. David Sulzer, professor of neurobiology at Columbia, explains that the neurotransmitter surges when people anticipate a reward — like a shopper anticipating a new purchase. And when we encounter an unforeseen benefit, like a discount, the dopamine really spikes!

“This chemical response is commonly called ‘shopper’s high,’” Sulzer says, likening it to the rush that can come with drinking or gambling.
Overspending - Continued

This explains the addictive quality of shopping that can be hard to fight. When life gets stressful, or we just want to feel good, we hit the shops or start adding items to our virtual carts.

Break the cycle: There’s nothing wrong with spending money to feel good, so long as you don’t go overboard. It’s best to put some “just for fun” money into your budget so you can make that feel-good purchase when you need to without letting it put you into debt.

4. Misuse of credit
Credit cards offer incredible convenience and an easy way to track spending. But they also offer a gateway into deep debt. Research shows that consumers spend up to 18% more when they pay with credit over cash.

Break the cycle: When shopping in places where you tend to overspend, use cash and you’ll be forced to stick to your budget. You can also use a KCT Visa debit card with a careful budget so you know how much you want to spend.

5. Lack of self-discipline
Sometimes, there’s no deep reason or poor money management behind our spending. Sometimes, we just can’t tell ourselves — or our children — “no.”

Scott Butler, a retirement income planner at the wealth management firm Klauenberg Retirement Solutions in Laurel, MD, explains that it takes tremendous willpower to say no to something we want now.

“One of the big reasons people overspend is that they don’t think ahead,” Butler says.

Too often, we allow our immediate needs to take precedence over more important needs that won’t be relevant for years — such as a retirement fund or our children’s college education. We simply lack the discipline to not exchange immediate gratification for long-term benefit.

Break the cycle: Define your long-term financial goals. Create a plan for reaching these goals with small and measurable steps. While working through your plan, assign an amount to save each month. Before giving in to an impulse purchase or an indulgence you can’t really afford, remind yourself of your long-term goals and how much longer your timeframe will need to be if you spend this money now.

If your debt is becoming unmanageable, call KCT at 847.741.3344, visit GOOD.kctcu.org, or stop in today to schedule your no obligation Debt Checkup to learn more about how we can help. Our representatives will be able to help you see how a Get Out Of Debt Loan might be the option you need to consolidate debt into one easy payment or even give you lower interest rates.

Consolidate high-interest loans into one easy payment

Get Out of Debt Loan
To find out how our Get Out of Debt Loan can help you, speak to a Member Service Representative today at 847.741.3344 or apply today at apply.kctcu.org!

GOOD Loan rates as low as 4.99% APR* rate includes discount, see details below**

*Annual Percentage Rate (APR). Advertised rate is based on excellent credit history and discount. Membership and other qualifications apply. The interest rate you receive will be determined by your creditworthiness. Maximum term is 36 months, with a maximum amount of $10,000. Payment example: a $10,000 loan with a 36-month term at 4.99% APR would have 36 payments of approximately $300.48, resulting in approximately $817.30 in finance (interest) charges. Payment may vary from example if electing KCT Protection. Rates subject to change. All loans subject to approval.

**Receive a 0.25% discount on an approved Get Out of Debt Loan when you setup or have an existing automatic deposit into your KCT Checking account of at least $500.00 per month with automatic loan payment. If at anytime the automatic deposits discontinue in the duration of the GOOD Loan term, the discounted rate will no longer apply and the rate will adjust accordingly. Offer valid thru January 31**, 2021. Offer subject to change.
New year, new ride!
Upgrade your vehicle and save this year with KCT

New Auto Loans as low as 1.99% APR¹
Used Auto Loans as low as 2.74% APR²

¹² Rates include discounts, visit kctcu.org/autoloans for details. Restrictions apply.
No payment for 45 days!

Call 847.741.3344 to speak to an MSR or visit apply.kctcu.org to get started today!

Mortgage rates are low!

Now might be a good time to refinance your home.

Our award-winning Residential Lending Specialists will help you throughout the process.

Learn more and check rates at HomeLoans.kctcu.org or call anytime 847.741.3344, prompt 2.

We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act. Membership and credit requirements apply.

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