Dear Members,

As Illinois moves into phase 4 of reopening, we are continuing to see signs of a measured return to normalcy in our community. However, we also recognize there is still a long road ahead and we remain committed to doing our part to ensure a sustained recovery. With our branch lobbies now open, KCT continues to make the well-being of our members and employees our top priority, with new policies in place requiring masks and 6-foot social distancing. Please check updates.kctcu.org for current information on this ever-changing situation.

In this issue, we offer some timely information on the trend towards going contactless, which has been accelerated by the current pandemic. We’ll also touch on why your credit score is so important. Did you know you can now check your credit score every time you log on to your KCT online banking? Simply enroll in Credit Score, powered by SavvyMoney®, a free service offered by KCT. We’ll also provide some handy tips on how to trim your fixed expenses, an area many people don’t even consider when budgeting.

Remember that in these challenging times, KCT is here to help. We have now added a full suite of life insurance products and services to our product line, so we can be your one-stop financial provider. We also continue to offer a full line of helpful products such as Mortgage Loans, Home Equity Line of Credits, and our popular Get Out of Debt (GOOD) Loan.

All you need to know about contactless payments
Contactless payments are growing in popularity and for good reason. Customers are looking to make purchases without touching a keypad or handing their credit card over to a cashier. Today, KCT members can take advantage of mobile wallet smartphone technology to make contact-free purchases. By the end of the year, KCT members will be able to make contactless payments with their actual credit and debit cards as well. We’ll examine the numerous benefits and history of contactless payments.

Why does my credit score matter?
Your credit score is made up of three numbers, serving as an indicator of your financial history, wellness and responsibility. These three little numbers can spell the difference between approval and rejection for a mortgage, a job, a rental unit and so much more. We have outlined how your credit score is calculated, why it matters and steps you can take to improve your score.

5 ways to trim fixed expenses
When trying to trim a monthly budget, most people don’t consider their fixed expenses. These recurring costs, which include mortgage payments, insurance premiums and subscription payments, are easy to budget and plan for since they generally remain constant throughout the year. While people tend to think there’s no way to lower fixed expenses, with a bit of effort and research, most of these costs can be reduced.
ALL YOU NEED TO KNOW ABOUT CONTACTLESS PAYMENTS

Although the technology for contactless payments has been around for a few decades, adoption in the U.S. has been slow. Part of this is due to the fragmentation of payment systems. In Europe and Asia, there are a few players that dominate the industry, making it easier for widespread adoption among retailers and consumers.

There is no doubt that the current pandemic has accelerated the need for this technology as consumers are increasingly looking for ways to make a purchase safely and securely. Let’s take a closer look at the evolution of contactless payments and how they came to be.

A brief history of contactless payments

One of the first instances of contactless payment technology occurred in the mid-1990’s, when South Korea’s transit authority in Seoul launched contactless payment systems to make it easy for bus riders to pay for their trips. This innovative technology would go on to transform other transit industries around the world.

In 1997, Mobil offered Speedpass, a special fob that allowed customers to pay for gas by simply waving it in front of a sensor. In 2001, FreedomPay was adopted by companies such as McDonald’s that allowed for payments to be made by waving a small plastic wand at the terminal. London’s transit agency introduced its prepaid contactless Oyster Card system in 2003. Slowly and steadily, the technology evolved until 2011, when game-changing mobile wallet technologies burst on to the scene, allowing customers to pay by waving or tapping their smartphone at the checkout. Apple Pay was introduced in 2014, and then other companies followed suit, giving us Google Pay and Samsung Pay.

How contactless payments work

If you’re at a merchant that supports contactless payments, you’ll see a symbol at the terminal that looks like a WiFi logo turned on its side. As KCT rolls out our new contactless credit and debit cards by year’s end, members will be able to hold their KCT card a few inches from the symbol and will either see a green light, a checkmark, or hear a beep indicating that the transaction has been completed. For digital wallets, KCT members can upload their KCT cards to the mobile wallet app on their smartphone, and then tap or scan through the app to make a payment at the terminal.

How consumers benefit

The obvious benefit from a safety standpoint, especially in today’s COVID-19 climate, is that customers don’t need to give their card to a cashier or touch a keypad that other customers have touched. The checkout time is also faster meaning customers will spend less time around others waiting.
Contactless Payments - Continued

Security is also enhanced as contactless payments use chip technology that is encrypted, reducing the possibility of “skimming”, where a dishonest employee could steal the card’s data by running the magnetic strip through a handheld device.

How retailers benefit

Research has shown contactless payments to be much faster than regular card or cash payments, resulting in shorter lines, more revenue, and happier customers. Consumers using contactless payments also make purchases more frequently than regular card holders. Retailers adopting this technology are setting themselves up for future success as well with younger consumers using contactless payments at a high rate.

Retailers using contactless payments will also have more opportunities to market to their customers, where the technology can be integrated with loyalty programs, mobile coupons and location-based targeted marketing.

What the future holds for contactless payments

The global market size of the contactless payment industry is expected to grow from 10.3 billion dollars in 2020 to 18 billion in 2025 at a Compound Annual Growth Rate of 11.7%. As the shopping experience is modernized, contactless payments will play a critical role across many industries with retail expected to be the front runner. The benefits for the consumer and retailer are clear. Look for more information soon about KCT’s contactless debit and credit cards which are scheduled to become available later this year.

Reach for the perfect way to pay

Visa Platinum rates as low as 7.99% APR

Learn more at Platinum.kctcu.org

Building Stronger Communities Together

AMERICAN SHARE INSURANCE
Your savings insured to $250,000 per account. This institution is not federally insured.
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We have outlined how your credit score is calculated, why it matters and steps you can take to improve your score.

How is my credit score calculated?

There are three major credit bureaus in the U.S.: Experian, TransUnion and Equifax. Each one collects and shares information about your credit usage with potential lenders and financial institutions. Most lenders use this information along with the FICO scoring model to calculate your credit worthiness. Some lenders use the VantageScore model instead of FICO.

While there are several slight differences between the FICO and the VantageScore formulas, both scoring models look at the following factors when calculating your score:

**Age of your credit.** How long have you had your oldest credit card? When was your first loan? An older credit history generally boosts your score.

**Timeliness of your bill payments.** Are you paying all of your monthly bills on time? Chronic late payments, particularly loan and credit card payments, can drastically reduce your score.

**Ratio of your outstanding debt to available credit.** The VantageScore formula views consumers with a lot of available credit as a liability, while the FICO formula considers this a point in your favor.

**The diversity of your credit.** Lenders want to see that you have and have had several kinds of open credit. For example, you may be paying down an auto loan, a student loan and using three credit cards.

**Trajectory of your debt.** Are you accumulating new debt each month, or slowly working toward paying down every dollar you owe?

**Credit card usage.** Financial experts recommend having several open credit cards to help boost your credit score, but this only works if you actually use the cards and pay off your bills each month. It doesn’t help much to have the cards sitting in your wallet.
Why does my credit score matter? - Continued

How does my credit score affect my life?

Your credit score serves as a gauge for your financial wellness to anybody who is looking to get a better idea of how responsible you are with your financial commitments.

Here are just some ways your credit score can affect your day-to-day life:

**Loan eligibility.** This is easily the most common use for your credit score. Lenders check your score to determine whether you will be eligible for a loan.

**The larger the loan, the stricter the requirements.** A poor credit score can hold you back from buying a house, a car, or getting a personal loan.

**Interest rates on loans.** Here too, your credit score plays a large role in your financial reality. A higher score can get you a lower interest rate on your loan, and a poor score can mean paying thousands of extra dollars in interest over the life of the loan.

**Employment.** A study by the Society for Human Resources Management found that 47 percent of employers look at the credit scores of potential employees as part of the hiring process.

**Renting.** Many landlords run credit checks on new tenants before signing a lease agreement. A poor credit score can prevent you from landing that dream apartment or it can prompt your landlord to demand you make a higher deposit before moving in.

**Insurance coverage.** Most insurers will check your credit before agreeing to provide you with coverage. Consumer Reports writes that a lower score can mean paying hundreds of dollars more for auto coverage each year.

How to improve your credit score

If you’re planning on taking out a large loan in the near future, applying for a new job, renting a new unit or you just want to improve your score, follow these steps:

**Pay your bills on time.** If you have the income to cover it but find getting things paid on time to be a challenge, consider using automatic payments.

**Pay more than the minimum payment on your credit cards.** Your credit score takes the trajectory of your debt into account. By paying more than just the minimum payment on your credit cards, you can show you’re working on paying down your debt and help improve your score.

**Pay your credit card bills before they’re due.** If you can, it’s best to pay your credit card bills early. This way, more of your money will go toward paying down your outstanding balance instead of interest.

**Find out if you have any outstanding medical bills.** You may have an unpaid medical bill you’ve forgotten about. These can significantly drag down your credit score, so be sure to settle any outstanding medical bills as quickly as possible.
Consider debt consolidation. If you’re paying interest on multiple outstanding debts each month, you may benefit from taking out a Get Out of Debt (GOOD) Loan at KCT Credit Union. This way, you’ll only have one low-interest payment to make each month, making it far easier to keep track of your finances and reducing the risk of falling further into debt. Get in contact with us over the phone or with an in-person consultation with a member service representative to learn more about this debt consolidation option!

It’s crucial that you make the effort to improve and maintain your credit score. It’s more than just a number; it will impact your financial wellness for years to come. In order to stay informed on your personal information, enroll in Credit Score, powered by SavvyMoney®, on your KCT Online Banking Portal. This is a free service that allows you to check your credit score each time you log in! Check it out today!

Stay up to date and secure with your Free Credit Score

Now you can check your credit score each time you log on to KCT Online/Mobile Banking! View your credit report, get up-to-date credit monitoring notifications, find out what affects your score and how to improve it.

Now available on KCT Online/Mobile Banking!
When trying to trim a monthly budget, most people don’t consider their fixed expenses. These recurring costs, which include mortgage payments, insurance premiums and subscription payments, are easy to budget and plan for since they generally remain constant throughout the year. While people tend to think there’s no way to lower fixed expenses, with a bit of effort and research, most of these costs can be reduced.

Here are five ways to trim your fixed expenses.

1. **Consider a refinance**

Mortgage payments take the biggest bite out of most monthly budgets. Fortunately, you can lower those payments by refinancing your mortgage to a lower interest rate. The refinance will cost you, but you can roll the closing costs and other fees into your refinanced loan. Plus, the money you save each month should more than offset these costs. A refinance is an especially smart move to make in a falling-rate environment or if your credit has improved a lot since you originally opened your mortgage. Visit homeloans.kctcu.org or set up an appointment with a member service representative to see if refinancing your mortgage is an option worth pursuing.

2. **Lower your property taxes**

Taxes may be inevitable, but they aren’t set in stone. You may be able to lower your property taxes by challenging your town’s assessment of your home. Each town will have its own guidelines to follow for this process, but ultimately you will agree to have your home reappraised in hopes of proving its value is less than the town’s assessment. This move can drastically lower your property tax bill; however, if you have made improvements to your home, it may be appraised at a higher value, which could raise your taxes.

3. **Change your auto insurance policy**

The Geico gecko and Progressive’s Flo, who love disrupting your favorite TV shows, actually have a point: You may be overpaying for your auto insurance policy.

If you’ve had the same policy for several years, speak to a company representative about lowering your monthly premiums. By highlighting your loyalty and having an excellent driving record, you may be able to get a lower quote. You can also consider increasing your deductible to net a lower monthly premium.

If your insurance company is not willing to work with you, it might be time to shop around for a provider that will. A few minutes on the phone can provide you with a significant monthly savings for a similar level of coverage. Once you have a lower quote in hand, you can choose to go back to your original provider and tell them you’re seriously considering a switch; they may change their mind about their previous lowest offer.
5 Ways to Trim Your Fixed Expenses – Continued

4. Consolidate your debts
If you’re carrying a number of outstanding debts, your minimum monthly payments can be a serious drain on your budget. Plus, thanks to the high interest rates you’re likely saddled with, you might be feeling like that debt is going nowhere.

Lucky for you, there is a way out. KCT offers a Get Out Of Debt (GOOD) Loan which will allow you to consolidate high-interest loans and credit card debt into one easy payment at a low rate. For more information, visit good.kctcu.org.

5. Cut out subscriptions you don’t need
Another fixed expense most people mindlessly pay each month are subscriptions. Take some time to review your monthly subscriptions and weed out those you don’t really need. Below, we’ve listed some of the most commonly underused monthly payments:

Gym membership. Are you really getting your money’s worth out of your gym membership? It may be cheaper to just pay for the classes you attend instead of a full membership. Or, if you have a favorite workout machine at the gym, consider purchasing it to use at home for a one-time cost that lets you to drop your gym membership.

Cable. Why are you still paying for cable when you can stream your shows for less through services like Netflix and Hulu? If you don’t want to cut out cable entirely, consider downgrading to a cheaper plan that drops some of the premium channels you don’t watch much.

Apps. How many apps are you signed up for? You may not even remember signing up for an upgraded version of an app you rarely use. A quick perusal of your monthly checking account statement or credit card bill can help you determine how much these subscriptions are costing you. Drop the apps you’re not using for more wiggle room in your monthly budget.

Your fixed monthly expenses are actually not as “fixed” as you may have thought. By taking a careful look at some of these costs, you can free up more of your monthly income for the things that really matter.

To find out how our Get Out of Debt Loan can help you, visit good.kctcu.org

GOOD Loan rates as low as 7.99% APR*
rate includes discount, click here for details**
In keeping with KCT Credit Union’s mission of Building Stronger Communities Together, we have partnered with The Federal Home Loan Bank of Chicago to award $20,000 in total grant money to local area foundations and organizations. As part of the FHLBank COVID-19 Relief Program, each of the following awardees received a check for $2,500:

- West Aurora School District 129
- East Aurora School District 131/Aurora East Educational Foundation
- Geneva School District 304/Geneva Academic Foundation
- School District 300/School District 300 Foundation for Educational Excellence
- Batavia Public School District 101/Batavia Foundation for Educational Excellence
- School District U-46/U-46 Educational Foundation
- Elgin Community College/Elgin Community College Foundation
- Gail Borden Public Library District/Gail Borden Public Library District Foundation

Auto Loans

Looking to buy a car? Whether you're shopping for new or used, KCT should be your first stop. Let our MSRs help you save more when you get pre-approved for a KCT auto loan. Know how much you can comfortably spend before you shop.

Call us at 847.741.3344 or visit kctcu.org to learn more about our auto loan options. You can begin an application online at apply.kctcu.org

Mortgage Refinancing

With rates at historic lows, now could be the perfect time to refinance your home mortgage.

Call 847.741.3344, prompt 2 to set up an appointment with a KCT Residential Lending Specialist, who can help you every step of the way. You can also inquire through our website at homeloans.kctcu.org.