



Money Matters

October 2019

Overspending —And How Not To

Not many of us closely identify with movies like “Confessions of a Shopaholic,” (at least publically!) but many have an over-spending gene in us. Like a good financial advisor—we’re here to help keep that bad boy at bay by highlighting some top psychological, overspending triggers. We’ll tell you how to recognize these and proven ways to combat them, saving you a lot of money! Which of course you can invest productively with the Credit Union. To keep your money out of temptation’s reach, read on!



The “What the?!” effect. Once in a deep hole—we tend to worry less about making it a few inches deeper. Why worry, for example, about spending a few more dollars on a nice meal to forget financial pain? But you can turn this around. *Time*

Magazine cites research showing that “spending” time on experiences instead of material things will make us happy more consistently. So if you’re feeling financially overwhelmed, spend some quality time with a friend. Preferably a money-savvy one!

Speaking of spending as a cure, *psychologytoday.com* tells us that we’re vulnerable to Retail Therapy. When feeling down, shopping for nice things helps us visualize ourselves in a “better” life and can improve our mood, but only fleetingly. Long

term, you’ll feel better by delaying gratification—technically called **Delayed Reward Discounting**. Wait 10 minutes and usually the impulse to indulge has passed.



It’s not just specific triggers that make us vulnerable. We’re generally lower on willpower as the day progresses—often due to **Decision Fatigue**. Research suggests we have limited reserves of willpower, and the decisions we make

throughout the day deplete these, leading us to act impulsively. Shopping early in the day will minimize the risk of impulse spending.



Anchoring. Also called the halo effect. When shopping for an item with an original price of say \$500 marked down to \$50, we generally focus on the discount from the anchor price (\$500). This casts a positive halo on the item, and we

often forget to question if it’s even worth the \$50. Walk away for 10 minutes, then return with fresh eyes—you’ll make a better decision.

One kind of good “anchoring” our members can rely on is the Credit Union, our great value-for-money, and our financial guidance. Like our free **Financial Wellness Checks** that point you to low-

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CEO's View

Like many avid readers, I love the smell of print on paper, and the act of turning a page. But I also love the ability to read off a tablet which can carry literally millions of books, and many more links to explanatory text. All without the added weight! On this note, I am pleased to announce that we are turning our own page, as it were, and moving our *Money Matters* newsletter to an all-digital, interactive format starting January 2020. I think you'll like what you see!

Of course, we also use digital technology purposefully, in many other varied ways. We own our own banking technology company, and invest in partnerships that support enhanced capabilities and a better member experience. And we recently invested in one such partnership called CUPayz, which will make your banking experience even more efficient and streamlined in the upcoming years.

Like the experience of thumbing a favorite book, however, there are things that technology can't replace. Algorithms and artificial intelligence applications are great. But in the final analysis, all they do is to help flesh-and-blood people work more efficiently.

Our use of digital technology allows us to devote more time to those fuzzy, very human issues that members come to us with daily. This is why, unlike large banks, we don't rely on just an algorithm to make lending decisions. Additionally, it's why we stress education and financial smarts so much, to help members develop better financial instincts—something a machine can't do.

We encourage face-to-face and individualized support, including our Financial Wellness Checks. And we offer expert webinars with actionable insight—from agency financing to mortgages. With growing financial and market concerns over a possible recession on the horizon, this kind of personal touch to make us well-prepared for the future is more important than ever. Don't get me wrong. We're proud of our technical and digital capabilities. But it's our people—our staff—that provide you with unconditional expertise and support every day.

I hope you enjoy this edition of *Money Matters*!

Laura Campbell
President & CEO



Is Digital Always The Best Value

We love *Prime*, *Netflix*, online banking, plus a million other digital services. And we're conditioned to expect that digital is faster, cheaper, better. And oftentimes it is, but not always.

Take our love-hate relationship with cable. In recent years, cable subscriptions have fallen steadily (and prices have risen) as increasing numbers "cut the cord" for on-demand digital services. But which is the better strategy? Fact is, it depends. *Forbes* and *Consumer Reports* urge us to do our homework. Find the streaming programming we really want/need, and we'll probably save \$50 or more versus the average \$107 per month cable payment. So far so good! If you're less selective, however, and impulsively, incrementally add services, *USA Today* reports that your *Sling/Hulu/Prime/Netflix/Vue/Disney Plus/ESPN Plus* bundle can soon approach or exceed your cable cost.

Looking more broadly—beyond cable—can "old school," brick-and-mortar stores ever really compete with the likes of *Amazon*? Sometimes. Don't automatically assume online is cheaper—or better. For example, it never hurts to ask for a price-match. And *USA Today* recently cited an *Adobe* study that found some categories' pricing highly competitive in-store:



Toys. In the last 5 years, toy prices in traditional stores, on average, have dropped

25%, while online prices have increased over 30%, making "brick-and-mortar" much more competitive.



Non-Prescription Drugs. While store prices are down, -2.1% since 2014, online prices have risen + 1.7%. Of course, there are exceptions. In the last couple of years, *Amazon* has aggressively discounted their *Basic Care* line (e.g. cold & flu, sleep aids, analgesics).



Perishable Groceries. Overall, the cost advantage of in-store grocery shopping versus online is not dramatic. But handling costs for perishables, like milk and orange juice, can make in-store a much better deal.

And don't discount the value of support you get in a store. For example, it might be worth paying a few dollars more for running shoes with custom-fitted insoles that help prevent leg injury like shin splints.

However and wherever you shop, the moral as always is "buyer beware," and do your homework! And always ask your Credit Union for impartial advice when it comes to financial products and services. We serve the needs of only one person. You! ■



Employee Spotlight



Meet Senior Network Engineer

**Charlie
McCready**

Your Credit Union is a family of people, including you—and they work hard each day to help members succeed. In this Spotlight issue, hear from one of our hidden superstars who keeps us on the rails.

Five hashtags that describe you

#actingisinmyblood #surfingUSA #nativecalifornian
#trysomethingnew #worldcuptraveler

Fun Facts

As a kid growing up in Los Angeles, things were less hectic than now. The current location of our Woodland Hills branch was a corn field! But aerospace was booming—literally. I'd feel a rumble beneath my feet regularly. Not from earthquakes, but from space rocket tests (the ones that took man to the moon). My father was an actor. He worked on iconic shows including *Star Trek*, *Columbo*, *Murder She Wrote*, *Knight Rider*, *Batman* and *Bewitched*. And my mother worked for the CIA!

In your own words—what is your job?

As part of a great team, I build and maintain “roads” or more specifically our digital highways. If you never know I exist (other than this article), I’m doing my job really well. I keep traffic—which is everything you send and receive online—running smoothly.

Something surprising about me

If you gave me a free pass in life – I’d probably be surfing. A back injury put a damper on this, but until then you could find me surfing most any day of the week. I also have professional acting credits for TV work I did when I was young. But don’t hold your breath for my next appearance! And, because my wife is a super soccer fan, we’ve been to three World Cups! Most recently Russia.

A piece of wisdom to live by?

Keep fit & flexible—I wish I’d started yoga as a teen, and might have avoided back injury. And from a work perspective, get out of your department silo and see what others do. ■

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hanging opportunities to grow wealth and avoid common but damaging financial pitfalls. Speak to us soon! ■



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Up to 100% ³ (owner occupied)	4.74%

HOME EQUITY ² Terms up to 240 months	
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Up to 100% ³ (owner occupied)	5.49%

¹APR=Annual Percentage Rate. Rates listed are current as of 8/15/2019 and are subject to change without notice. Rates shown are our preferred rates based on credit worthiness, loan-to-value and a 1.00% discount based on \$1,000 monthly recurring Direct Deposit/Folio Direct Deposit into a single Farmers Insurance Federal Credit Union checking account AND Automatic Repayment, if applicable an additional 0.25% discount when you purchase through the Farmers Insurance Car Buying Service. ²Home Equity loans are available in all states except Alabama, Alaska, Florida, Hawaii and Louisiana. Lines of Credit are available in all states except Alabama, Alaska, Florida, Hawaii, Texas and Louisiana. ³Maximum combined Loan-to-Value of 100%.

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- Our advice benefits only YOU (remember—our members own us)

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Calendar

NOV 28	Credit Union Closed in
NOV 29	Observance of Thanksgiving
DEC 24	Half day Hours: 8:00am—11:00am
DEC 25	Credit Union Closed in Observance of Christmas
2020	
JAN 1	New Year's Day Credit Union Closed
JAN 20	MLK Jr. Day Credit Union Closed

MoneyMatters

Quarterly publication of
Farmers Insurance Federal Credit Union

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www.figfcu.org

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