



# MoneyMatters

Agent Edition



## Letter To My Parents

From Your College Freshman

In a recent research piece, *The Ethos of The Overinvolved Parent*, May 18, 2017, three main takeaways were identified: 1) Involved parents helped their child transition to college better, 2) Students with involved parents were more likely to graduate and to find better paying jobs, 3) Too much involvement appeared to delay adulthood and the students' capacity to fend for themselves.

Fortunately, as with most things, there's a happy medium. To help you strike the right balance, here's some parental guidance gleaned from student orientation counselors responsible for tens of thousands of students and parents they've helped. Here are their top-10, time-tested tips for parents.

Mom/Dad:

1. College is a big change for me—probably the biggest I'll ever make financially, academically and socially—and you are still my parents so I expect you to be there for me. You will need to learn not to force yourself on me, to give me space, and to reassure me I can manage my own life. It is very important for me to know that I can feel completely comfortable going to you to ask for help or advice.
2. I want to call you, but sometimes I'm too busy and exhausted trying to establish a life for myself here—to make college a happier place for me. This doesn't mean I love you any less.

3. I may not tell you every detail of my life here—but try to remember the things I do tell you, and make sure to ask me about them. For example, make a note of when my classes are and text me after class. This will make me smile.
4. Tell me how proud I make you—even the little things that make you proud to be my parent. Even if I tell you that I don't deserve your praise—your praise = approval + support, and that reminds me you love me.
5. Let me know you miss me while I'm at college (even if I still live near or with you) and tell me the specific things you miss about me! This will (1) remind me of the reasons I am proud to be myself and give me confidence, and (2) remind me you care now just as much as when I was a child.
6. I will probably go through hardships in college, and may not tell you. The last thing I want you to do is worry—I know you are there if I ever need to

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## CEO's View

During these recent months that have seen the wreckage and destruction of hurricanes in Texas, Florida and some into their neighboring states, our hearts and minds go out to people who were so adversely affected. The Credit Union has made a donation to the American Red Cross to help with recovery efforts.

We also have a very low fixed rate loan to assist affected members and their families; and for those with loans, we are pleased to offer loan payment deferrals without penalty or fee should this help.

The hurricane damage made me reflect on how we all prepare and plan ahead for bad events. The Credit Union, for example, routinely tests for disaster scenarios to make sure our information-technology infrastructure can cope with the worst natural events, like a flood or earthquake, without failing. Not all adverse or challenging things that happen however are disasters. We all face hurdles to overcome, which is why we help members plan and prepare financially for whatever life brings. In this issue we touch on ways to cope with and overcome challenges, with pointers for freshmen college students on coping with life away from home, and tips on managing tax liabilities for our self-employed agent/members. These all require thorough preparation—and the capacity to follow-through. As a famous college basketball coach once said, “Failing to prepare/plan, is planning to fail.”

At the Credit Union, of course, we stress the value of financial planning—and in the world of personal finance as in other works of life, the essence of this is budgeting. Successful budgeting, in turn, requires the self-discipline of controlling current expenses and saving appropriately for a better future. Create a well thought out, written budget, and pressure-test it periodically to make sure it suffices for the long term, and you have the keys to budgetary success. You'll also feel a lot better about life knowing you are financially stable!

In business as in personal life, financial planning is no less important. Farmers' agents and DMs, who are self-employed, know about the need to set aside funds to cover such things as payroll and income tax liabilities. Failure to budget in this way means you'll have to borrow (from your friendly Credit Union, of course) or face penalties when you eventually pay your taxes. We love our borrowers, but we always counsel members to save first, borrow second. And regardless of whether you borrow or save with us, you'll always get a highly competitive rate!

Mark Herter  
CEO

## Build Your Credit History

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College is a great time to develop good financial habits like saving and building a credit history/score. We make it easy to do both!

Open a **Free Membership Savings Account** (quick and simple), then add our **Visa® Blue** which is linked to a Savings Account. You're up and running!

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# Make Taxes Less Taxing

No one likes paying Uncle Sam—but a little effort early can save a lot of time, stress and money later. Here's a few strategies courtesy of Nolo, Inc. Magazine, Investor Place, Intuit, Destiny Capital and The Motley Fool.

## 1. What Are Itemized Deductions? And Do You Have Them?

Medical expenses (employees) and miscellaneous deductions have thresholds to Adjusted Gross Income (AGI)—10% and 2% respectively. To meet thresholds, stock up on prescription medicines, glasses/contacts; have costly treatment (dental, elective surgery), and make home-health purchases. Increase miscellaneous deductions and charitable giving one year to make thresholds—then scale back the next (<http://www.nolo.com/legal-encyclopedia/itemize-bunching-tax-deductions.html>).

## 2. Take pictures of all your Financial Documents, Business Expenses and Donations

Just take pictures of documents and you won't have to wade through paper for what you need. Documentation includes donations and professional-organization dues—also business expenses. (<https://www.inc.com/sean-stein-smith/5-ways-to-get-organized-for-2018-tax-season.html?cid=search>)

## 3. Lower taxable income by contributing to your retirement funds.

Reduce your tax burden with retirement planning. Take dollar-for-dollar reductions if contributing to a 401(K) or Traditional IRA. Currently, contribute up to \$18,000 (\$24,000 if 50+) to your 401K and \$5,500 (\$6,500 if 50+) to a traditional IRA. If self-employed, contribute up to 25% of income or \$54,000 to a SEP IRA. (<http://blog.turbotax.intuit.com/tax-planning-2/6-tips-to-help-you-plan-for-next-tax-season-now-19699/>)

## 4. Sign-up for a high-deductible Health Plan (HDHP).

A High Deductible Health Plan (HDHP) can reduce taxable income and provide tax-free savings. The money withdrawn for medical expenses is delivered tax-free! Like a 401(k) retirement account, the Health Savings Account (HSA) is yours to keep, and HSA investments grow tax-free. BUT—the high deductible probably makes economic sense if you're NOT: pregnant/planning to be, have small children, a chronic medical condition, are 65 or older, take expensive drugs, have children playing contact/high-risk sports—and in great health. If you proceed, switch to a plan that qualifies for an HSA and then move money you save on insurance premiums into your HSA.

## 5. You Might Not Realize These Are Deductible—So Do Some Research Before You Lose Them.

- Bake goods for charity or host a charity party/event? Deduct the cost of food.
- Have a hobby and sell what you make? Claim matching expenses like craft supplies.
- Pay for adult education? You may qualify for tax credits by deducting as a job/career expense. For self-employed, sole proprietors, that means Schedule C business-expense write-offs. For employees—claim these as an unreimbursed employee business expense. Caveat! That high-priced MBA won't fly if the taxman thinks you're getting it to get a new job!
- Deduct the cost of babysitters if this is to enable your unpaid recognized-charity volunteering.
- You have the choice to deduct either sales taxes or state income taxes from federal income tax. In a state without income tax, sales-tax deductions can really add up. Even if you pay state taxes, the sales-tax break might be worth declaring for large purchases (e.g. car or engagement ring).

And don't forget your Credit Union. Our Tax Saver Savings account covers end-of-year surprises, and our low-rate Agency Secured Loans can also get you through tax season safely. Just call 800.877.2345. ■

# Employee Spotlight



Meet Member Services Representative

## Wendy Nichols

Your Credit Union wouldn't be the smart and caring place it is without our fantastic employees. Get to know a little more about the team with this new spotlight feature.

### Five hashtags that describe you?

#bigsmile, #countrygirl, #veryoutgoing, #outdoorsy, #loveybostonterriers

### Favorite music, sport teams and recreation?

Good ol' country music like Merle Haggard and Kenny Rodgers. Country girls support the Royals and Broncos of course! And I love fishing, skiing, hiking and bike riding. And that's just before breakfast!



### In your own words—what is your job?

I'm a 'detective.' I sleuth out members' needs even if they are not obvious to help them with what is really on their minds.

### Where is your 'happy place'?

I love getting outside in my beautiful Pocatello [Idaho] countryside. I also love volunteering in my town for Big Brothers, Big Sisters and our local community services organization, Civitan.



### A piece of country-style wisdom?

My Grandpa used to say "You need to treat the CEO same as you would the trainee." Meaning—treat everyone equally and with respect. ■

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talk to you or get your help. When I don't discuss things with you, be confident you taught me enough to get me through the difficulties.

7. Don't keep reminding me to fill out forms/ do homework/not miss class etc.—I already know!! For really important things—if you are worried, remind me gently if you have a concern. Otherwise, trust I know what I am doing—and if I make mistakes, I will learn from these and become stronger!
8. Don't tell me that I'm the smartest person out there—I'm not! I've seen people who are much better in many respects. While I need your encouragement, I also need you to be real with me.
9. Sometimes I might be somewhat (or very!) unpredictable. I might go through phases where I stop talking to you altogether, or only call in tears or distress. It won't make sense. Just go with the flow and be there for me when I need you.

I love you very much. Don't let anything I say or do at college (which is a complicated, new experience for me) lead you to believe otherwise. You will always be my parents and I will never stop loving you.

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Your Credit Union family also cares about the welfare of our college students, like setting them up for financial independence. There are few better ways to start than opening a free Membership Savings Account with a Savings-Linked Visa Credit Card. They can save a little, have ready access to cash at over 30,000 ATMS, and start building the credit history they need to borrow on the best terms. ■



## Student Loans Are A BIG Investment In A Child's Future

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# Loan Rates

AUTO Fixed Rates	
Term	Fixed Rate (APR <sup>1</sup> as low as)
48 mo.	1.24%
60 mo.	1.74%
72 mo.	2.24%

  

AGENCY SECURED <sup>2</sup> Terms up to 144 mo.	
TYPE	Rate (APR <sup>1</sup> as low as)
Variable	4.49%
Fixed	5.49%

  

AGENCY SECURED LINE OF CREDIT	
TYPE	Rate (APR <sup>1</sup> as low as)
Variable	5.49% <sup>3</sup>

<sup>1</sup>APR=Annual Percentage Rate. Rates listed are current as of 6/6/2016 and are subject to change without notice. Rates shown are our preferred rates based on credit worthiness and a 1.00% Direct Deposit/Folio Direct Deposit discount, if applicable and a 0.25% discount when you purchase through the Farmers Insurance Car Buying Service. <sup>2</sup>Borrow up to 60% of Contract Value if you are a DM or your average monthly sales count is 150+. Otherwise, borrow up to 50%. <sup>3</sup>Borrow up to \$50,000.

# Calendar

<b>NOV</b> <b>23</b>	<b>Credit Union Closed in</b>
<b>NOV</b> <b>24</b>	<b>Observance of Thanksgiving.</b>
<b>DEC</b> <b>22</b>	<b>Christmas Eve Observed Dec 22.</b> The Credit Union will close early. Call your local branch for hours of operation.
<b>DEC</b> <b>25</b>	<b>Christmas Day</b> Credit Union Closed
<b>2018</b>	
<b>JAN</b> <b>1</b>	<b>New Year's Day</b> Credit Union Closed
<b>JAN</b> <b>15</b>	<b>MLK Jr. Day</b> Credit Union Closed

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APR=annual percentage rate. Rates include discounts for Direct Deposit into a Farmers Insurance Federal Credit Union Checking Account. Rates are subject to change at anytime. <sup>±</sup>3Agents: Borrow up to 75% of contract value for an agency acquisition loan or down payment on commercial real estate. Borrow up to 60% of contract value (dependent on agency growth model). District Managers: Borrow up to 60% without sales restrictions. Agents and DMs: Should a UCC not be on file for an account holder/borrower and their respective agency on another account, one will need to be filed upon the funding/opening of this Credit Line. At such time the prevailing rate/cost for filing a UCC will be assessed against the account holder/borrower.

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**800.877.2345**  
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