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HOME LOANS

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The North Word SPRING 2018

MESSAGE FROM THE CEO

Heads up – New Tax Code may impact deductibility of Home Equity loan interest

One of the many changes that will be coming from the Tax Cuts and Jobs Act of 2017 might impact your ability to deduct interest paid on your True North home equity loan. I'm not a tax professional, so please don't take this article as advice, but I did want to be sure you were aware and can consult a tax professional before filing your 2018 taxes in 2019.



Lauren MacVay
President/CEO

Under the prior code, interest paid on home equity debt was deductible up to \$100,000 regardless of the reason for the debt. Under the new code, your interest paid on home equity debt is still deductible if the loan is made to 1) buy, build or substantially improve the home securing the loan and 2) the combined mortgage value doesn't exceed \$750,000. Please note that existing home equity loans and lines are not grandfathered in – this change

affects existing loans as well as new ones.

Since the release of the new legislation, there have been a lot of questions asked about this change, and it does seem like interpretations are evolving, so keep an eye out. The IRS recently released guidance on this topic, which you can find at www.irs.gov/Newsroom. Look for IR-2018-32, published on February 21, 2018.

Here at True North, we will continue to issue a 1098 on your True North Home Equity Line Credit Cards, Home Equity Lines of Credit and Home Equity loans. Please do your own review or consult a professional to determine whether you

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Saving your money isn't always easy, especially when you don't have a lot to spare. After paying all your usual expenses, there may be very little "fun" money at the end of the month. When we do find ourselves with some extra cash, like a tax refund, many of us rush out to buy those shoes or that electronic gadget we've been eying for months instead of putting it into our savings.

Why do we do that? Why do we spend the money we planned on using for our future?

We can blame it on our brains. Behavioral science has shown that humans are hard-wired to act on impulse and that it takes conscious thought to delay gratification. It's also much easier to focus on the present than our future.

To help you save for your future, behavioral science suggests visualizing yourself as you might look when you're older. For instance, if you want to save for retirement, imagine yourself at age 67, living comfortably, maybe travelling the

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Holiday Closures

Monday, May 28 • Memorial Day / Observed

Wednesday, July 4 • Independence Day / Closed

Monday, September 3 • Labor Day / Closed

Monday, October 3 • Indigenous Peoples Day / Closed

Telephone Teller (907-523-4700) and Express PC are both available 24/7 if you need assistance during our closures. For more info go to www.TrueNorthFCU.org.

See It! Snap It! Submit It!

**CASH
PRIZES!**

True North is kicking off its annual photo contest on May 1, 2018 and the winning submission will be utilized for our 2019 Calendar! If you are interested in submitting your photos for the contest, look for more information on our website to include rules and submission standards soon. Photos could include Alaskan scenery and animal imagery.

True North will be awarding cash prizes to the top three prize winners.

— INVESTING —

Embrace The Boring

Warren Buffett will be the first to tell you that investing options should not be chosen for the sensational stories they'll enable you to tell over dinner parties.

Instead, it's better to embrace the boring and invest in strong, dependable companies that may not sell the most exciting products or be the best innovators in the industry.

Manufacturers of commodities that never go out of style, such as soap, shampoo and diapers, are often the best in their business and provide steadily increasing returns for their shareholders. In fact, investors who've bought \$1,000 of Procter & Gamble shares in 1986, and reinvested their dividends in the company, would have earned over \$32,000 today.

While it's always fun to brag about your shares in the cutting-edge company that's on everyone's lips, investing in high-risk businesses puts your own money at risk. Instead of trying to predict the next emerging star in an industry, find the stable and solid companies that never go out of style. Let the company's history speak for itself and prove its worth. Your goal should be finding high-quality businesses that can provide excellent long-term returns – not finding conversation starters.

As Warren says, "Beware the investment activity that produces applause; the great moves are usually greeted by yawns."

You don't need to be bold and daring. When it comes to choosing companies to invest in, boring can truly be beautiful.

"We make no attempt to pick the few winners that will emerge from an ocean of unproven enterprises. We're not smart enough to do that, and we know it."

—Warren Buffet

MONEY HACKS

THE \$5.00 SAVING PLAN

Got a fiver? **Don't spend it – save it!** It'll add up. You can hoard hundreds of dollars this year by putting every \$5 bill you get into a glass jar. Try it and be amazed at how much you can save!

Your Turn: Have you found your own creative approach to saving? Share it with us by emailing your answer to marketing@truenorthfcu.org.

— Q & A —

Think About It...

I'm looking at getting a mortgage. How much should I budget for my monthly payment?

- Housing costs vary from city to city and neighborhood to neighborhood, so using your current rent combined with the amount you're saving for a down payment and your renters insurance is probably a good guide for how much you'll be able to afford for a mortgage payment and homeowners insurance.
- Spending too much on your housing is a rough hole to dig out of, but it's much easier when you're owning rather than renting. A recent Harvard study reported that nearly half of renters are "cost burdened" because their rent exceeded 30% of their income, while one in four renters pay more than half of their income for rent. With a mortgage, you gain flexibility by developing equity, but it's still wise to avoid spending one-third or more of your income on your housing costs.
- If you choose an affordable place now, you can save money for a down payment on a bigger place down the road.

AUTO LOANS MADE EASY!

Apply online at TrueNorthFCU.org



MESSAGE FROM THE CEO

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can use that 1098 when doing your 2018 taxes.

We offer products with fixed rate and term, as well as a variable rate line of credit, so we have a product that will meet your needs. Regardless of this change, a home equity loan might be the right tool in your tool box, so talk to a member of the True Crew about the best option to meet your needs.



Saving for a New House? A New Car? A Fancy Vacation?

You could park that savings in your checking account, but will you be able to resist temptation the next time there's a big sale at your favorite store? Save your willpower for the important stuff, and put your long-term savings into a share certificate at True North.

Your money will earn dividends and be safe from your biggest savings enemy: impulse spending. **To get today's best rates on a share certificate or more information, call True North at (907) 523-4700 or visit www.TrueNorthFCU.org today!**

The Science of Saving

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country, or having the time and the means to do something you've always wanted to do. According to a study done in 2014, this technique works. The researchers took photos of 50 college students and digitally altered each person's photo to make them look 70 years old. The participants were instructed to study the photos. Then they were told to imagine receiving \$1,000 and were asked how they'd like to use the money: buy something now for a special person or for extravagant night out, or put that money into a retirement fund. After seeing a photo of themselves at 70 years old, the majority allocated more of the money to their retirement fund than to the other options.

Another way to help you save for your future is by making it a habit. Start with small goals. For instance, commit to putting a certain amount, say \$10, into a savings account every week. If you have direct deposit, you might want to consider setting up an automatic transfer of \$10 into your savings account every time your paycheck is deposited. Over time, you can gradually increase the amount by a dollar or two.

Teach Your Children How to Save

To help your children get into the savings habit, start by having them cut out pictures of something they'd like to have someday and post the images where they'll see them often. Then help them open a savings account at True North. You can open an account with as little as \$5.00. Encourage your child to make regular small deposits each week. Tell them their money will earn interest while it's in their account. If they keep this routine going, they'll quickly see their savings grows.



The Financial Reality Foundation has a unique program that allows students the opportunity to make budget decisions (and mistakes) in a fun-filled, interactive learning environment ... it's called the Get REAL Financial Reality Fair!

What is a Financial Reality fair? It's a two-hour experience designed for high school students where they face hands-on, real-life choices about a post high school career and how to stay within a budget while paying for necessities such as housing, food and transportation. Along the way, needs versus

wants will be tested as volunteers sell vacations, puppies, hot-tubs and many other impulse spending items that can have a major impact on a budget.

True North is in their fourth year supporting the Get REAL Financial Reality Fair! The students are always excited to get started to see if they can stay in budget. The energy is high and we couldn't have a more successful fair without the help of all the volunteers and teachers! Everyone is engaged and gives the teens a REAL dose of reality! We are hopeful these students will carry the lessons they experienced during the Reality Fair throughout their life!

BUSINESS LOANS

Helping you grow your business.



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WILLIAM BOOTHE

Business Lending Manager
NMLS#1559318
(907) 523-4755
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SAVING SMARTS

Adam and Ashley are siblings. They've each received \$50 over the last month in holiday gift money. Their mom has offered to put their money into a savings account. Mom has also promised to add \$5 a month for anyone who puts the entire amount in it for six months, and \$2 a month for anyone who puts in at least \$20 a month.

Help Adam and Ashley decide what to do:

1. If Ashley spends \$20 now and puts \$30 away for six months, how much money will she have at the end of six months?

- a. \$50 b. \$45 c. \$62 d. \$42

2. Adam isn't sure if it's worth it for him to keep \$10 to spend now or to save the entire \$50. Which of the following statements are true, and can help him decide?

- a. If he puts away \$40, he'll have \$10 now and \$52 at the end of six months, for a total of \$62. But if he puts away the entire amount, he'll have \$80 at the end of six months.
- b. If he puts away \$40, he'll have \$10 now and \$70 at the end of six months, for a total of \$80. If he puts away the entire amount, he'll have the same amount – \$80 – at the end of six months.
- c. If he saves the entire amount, his money can earn him \$30 over six months.
- d. Both A & C

3. If Ashley spends most of the money now and only puts \$10 away, how much money will she have at the end of six months?

- a. \$10 b. \$15 c. \$22 d. \$40

4. Thinking Cap: Can you give a name to what Ashley and Adam's mom is doing for them? Why do you think she's making this offer? Do you think it will work?

---> Find the answers at: <https://www.truenorthfcu.org/resources/answers/>



HEY KIDS!

Whether you are in elementary, middle or high school, we've got some fun activities for you! **VISIT GOOGOLPLEX ON THE 'YOUTH ACCOUNTS' PAGE AT WWW.TRUENORTHFCU.ORG.**

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STATISTICS AS OF FEBRUARY 28, 2017:

Assets: \$143,706,605
Loans: \$127,105,858
Shares: \$129,733,725

TELEPHONE TELLER: (907) 523-4700

24/7 LOANS: Easy online application at www.TrueNorthFCU.org

24 HR BILL PAY SUPPORT: (866) 395-5336

GENERAL E-MAIL:
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CREDIT CARD CUSTOMER SERVICE:
(800) 654-7728

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