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What to Do If Your Term Life Insurance Policy Is About to Expire



One advantage of term life insurance is that it is generally the most cost-effective way to achieve the maximum life insurance protection you can afford. Many people first purchase term life

insurance to protect their family's financial interests after a significant life event, such as getting married or the birth of a child.

You may have done the same for your family when you purchased your policy years ago. And chances are, other than paying the premiums, you probably haven't given it much thought since then. However, if your term life insurance policy is set to expire in the near future, it's important to explore your options now before the coverage runs out.

Before you get started, you first need to reevaluate your life insurance needs and determine if anything has changed. Are your children grown and have they graduated from college? Do you have a mortgage? If you have financial obligations that you need to take care of, you may still need term life insurance. If you are nearing retirement and have fewer financial obligations than you did when you were younger, your need for a term life insurance policy may not be as great as it once was.

Purchasing a new policy

If you are in relatively good health and your current term life insurance policy is about to run out, you might consider purchasing a new term policy altogether. When applying for a new term life insurance policy, you will generally need to pass a medical exam. In addition, since you are older now, your premiums may be higher than they were under your old policy. However, you may not need as large a policy as you did when you first purchased term life insurance years ago. It may pay to shop around and compare because premiums can vary among insurers.

Renewing your existing policy

When the coverage period for your term life insurance ends, you may have the option to renew the policy, depending on the specific

policy and limitations. Though you won't be required to take a medical exam if you renew your policy, the rate will generally increase each time it is renewed for an additional term because your age has increased (as has the insurance company's risk of paying a death benefit). These increased premium costs can sometimes make renewing a term life insurance policy an expensive way to cover your life insurance needs.

Converting your policy to permanent life insurance

If you have a convertible term life insurance policy, you may be able to convert it to a permanent life insurance policy, such as whole or universal life insurance. Permanent insurance continues throughout your life as long as you pay the premiums. As with term insurance, permanent insurance pays a death benefit to your beneficiary at your death, but it also contains a cash value account funded by your premium dollars. When you convert your policy, you won't need to prove your insurability by taking a medical exam. However, there is usually a conversion deadline, which is the date by which you must convert, typically before your term life insurance is set to expire.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications. Any guarantees are contingent on the claims-paying ability and financial strength of the issuing company.

The rules governing 1035 exchanges are complex and you may incur surrender charges from your "old" life insurance policy. In addition, you may be subject to new sales and surrender charges for the new policy.

Infographic: Working in Retirement

Do You Plan to Work in Retirement?

The 2018 Retirement Confidence Survey found that more than two-thirds of all workers surveyed expect that paid work will play a role as a source of retirement income. If you believe that working for pay will supplement at least some of your retirement income, consider the following facts.

1



More people are working beyond age 65

According to the Bureau of Labor Statistics, 37% of men and 28% of women between the ages of 65 and 69 were still in the workforce in 2017. In addition, 17% of men and 10% of women age 70 and older were still working.

2



Social Security imposes an "earnings limit"

If you plan to work and claim Social Security benefits before reaching your full retirement age (66 to 67, depending on year and month of birth), you will be subject to an earnings limit (\$17,040 in 2018). Above that limit, \$1 will be withheld from your benefit for every \$2 earned. In the year you reach full retirement age, you will lose \$1 for every \$3 earned above a higher limit (\$45,360 in 2018). Once you reach full retirement age, there is no reduction in benefits.

3



Income for older workers is on the rise

According to the U.S. Census Bureau, the average earnings for workers age 65 and older increased by 47.6% between 2000 and 2015, a far greater increase than that of any other age group.

Take Charge of Your Student Debt Repayment Plan



If you have federal student loans, you aren't automatically eligible for an income-driven repayment plan — you have to fill out an application (and reapply each year).

Outstanding student loan debt in the United States has tripled over the last decade, surpassing both auto and credit card debt to take second place behind housing debt as the most common type of household debt.¹ Today, more than 44 million Americans collectively owe more than \$1.4 trillion in student debt.² Here are some strategies to pay it off.

Look to your employer for help

The first place to look for help is your employer. While only about 4% of employers offer student debt assistance as an employee benefit, it's predicted that more employers will offer this benefit in the future to attract and retain talent.

Many employers are targeting a student debt assistance benefit of \$100 per month.³ That doesn't sound like much, but it adds up. For example, an employee with \$31,000 in student loans who is paying them off over 10 years at a 6% interest rate would save about \$3,000 in interest and get out of debt two and a half years faster.

Understand all your repayment options

Unfortunately, your student loans aren't going away. But you might be able to choose a repayment option that works best for you. The repayment options available to you will depend on whether you have federal or private student loans. Generally, the federal government offers a broader array of repayment options than private lenders. The following payment options are for federal student loans. (If you have private loans, check with your lender to see which options are available.)

Standard plan: You pay a certain amount each month over a 10-year term. If your interest rate is fixed, you'll pay a fixed amount each month; if your interest rate is variable, your monthly payment will change from year to year (but it will be the same each month for the 12 months that a certain interest rate is in effect).

Extended plan: You extend the time you have to pay the loan, typically anywhere from 15 to 30 years. Your monthly payment is lower than it would be under a standard plan, but you'll pay more interest over the life of the loan because the repayment period is longer.

Example: You have \$31,000 in student loans with a 6% fixed interest rate. Under a standard plan, your monthly payment would be \$344, and your total payment over the term of the loan would be \$41,300, of which \$10,300 (25%) is interest. Under an extended plan, if the term were increased to 20 years, your monthly payment would be \$222, but your total payment over the term of the loan would be \$53,302, of which \$22,302 (42%) is interest.

Graduated plan: Payments start out low in the early years of the loan, then increase in the later years of the loan. With some graduated repayment plans, the initial lower payment includes both principal and interest, while under other plans the initial lower payment includes interest only.

Income-driven repayment plan: Your monthly payment is based on your income and family size. The federal government offers four income-driven repayment plans for federal student loans only:

- Pay As You Earn (PAYE)
- Revised Pay As You Earn (REPAYE)
- Income-Based Repayment (IBR)
- Income-Contingent Repayment (ICR)

You aren't automatically eligible for these plans; you need to fill out an application (and reapply each year). Depending on the plan, your monthly payment is set between 10% and 20% of your discretionary income, and any remaining loan balance is forgiven at the end of the repayment period (generally 20 or 25 years depending on the plan, but 10 years for borrowers in the Public Service Loan Forgiveness Program). For more information on the nuances of these plans or to apply for an income-driven plan, visit the federal student aid website at studentaid.ed.gov.

Can you refinance?

Yes, but only with a new private loan. (There is a federal consolidation loan, but that is different.) The main reason for trying to refinance your federal and/or private student loans into a new private loan is to obtain a lower interest rate. You'll need to shop around to see what's available.

Caution: If you refinance, your old loans will go away and you will be bound by the terms and conditions of your new private loan. If you had federal student loans, this means you will lose any income-driven repayment options.

Watch out for repayment scams

Beware of scammers contacting you to say that a special federal loan assistance program can permanently reduce your monthly payments and is available for an initial fee or ongoing monthly payments. There is no fee to apply for any federal repayment plan.

¹ New York Federal Reserve, Quarterly Report on Household Debt and Credit, February 2018

² CFPB, Innovation Highlights: Emerging Student Loan Repayment Assistance Programs, August 2017

³ Society for Human Resource Management, October 2, 2017

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How can I save money on my cell phone plan?



Paying your monthly cell phone bill might feel like a necessary evil: You can't live without your cell phone, but you don't like the steep price of your plan. Fortunately, there are ways to save money on your plan without sacrificing the cell phone services you need.

Review your monthly bill. Aligning what you're paying for with what you're actually using can go a long way in saving money on your plan. Look at your bill to get a breakdown of your average data consumption, as well as the number of phone calls and text messages you send/receive in one month. This will help you determine whether your activity levels match your plan. If, for example, you're paying for unlimited data each month but use only five gigabytes, on average, then it might make sense to decrease the data limit on your plan. Or if you depend on unlimited data, consider ways in which you can lower the amount you use. Turn cellular data off in your app settings and connect to Wi-Fi whenever possible to dramatically reduce data usage.

Research discount options. Ask your employer or your cell phone service provider to

see if you're eligible for employee discounts. Members of the military, veterans, and senior citizens may also receive discounts, depending on the provider.

Sign up for a different plan. Most carriers offer plans that allow you to share data and minutes with others. These are often referred to as family plans, though you don't need to be related to someone in order to join your accounts. You might also consider prepaid cell phone plans, which generally don't require credit checks or contracts, and don't have data overage fees. Many types of prepaid plans are available on the market, so look at different ones to determine what works best for you.

Switch to an alternative carrier. Before you make the switch, though, indicate to your current provider that you want to cancel — you may be offered a deal for continuation of service. If not, keep in mind that many alternative carriers offer promotions exclusively to new customers. Make sure you know how long the promotion will last and what your monthly costs will be when it ends.

Should I cut the cord on cable?



In the last few years, it's become common for consumers to ditch cable television in favor of streaming services and devices. Many

affordable streaming options are available, making it easier for consumers to give up cable without necessarily sacrificing their favorite shows. But there are some drawbacks to relying exclusively on streaming services for television viewing. Consider the following before you decide to cut the cord.

The most obvious benefit of cutting cable is the money you'll likely save each month. Compare what you spend on your monthly bill to how much of your cable subscription you actually use. Are you regularly watching all the channels you pay for, or do you watch only a few of them? Are the channels you watch worth what you pay each month? If not, it might make sense to cancel cable and switch to an alternative entertainment source.

You may decide to replace cable with a streaming service or device. In addition to being less expensive than cable, most services are user-friendly. You won't need to flip through hundreds of channels to find your favorite

shows, and as long as you have an Internet connection, you can view them on the go on your cell phone or tablet. Plus, streaming services typically let you stop and start month to month without termination fees.

But depending on your viewing preferences, a streaming service might not be the right option for you. There is often a delay in the online release of many television shows, which can be frustrating for dedicated viewers. And if you're a sports fan, you might be disappointed to learn that you won't have access to live sports coverage through most streaming services. Comprehensive sports packages are offered by some services, but they can be expensive and are not available in all regions.

Another disadvantage of switching to streaming is that you may need to subscribe to multiple packages or invest in special streaming devices to access the programs you want. You might also consider the cost of high-speed Internet — you won't be able to stream without a relatively fast Internet connection. Between multiple subscriptions and reliable Internet, the cost of streaming can add up quickly. Be sure to compare prices and take advantage of any free-trial offers.