

WINTER 2018

CONNECTION

Information for members of
Two Harbors Federal Credit Union

**START
STRONG**

**TAKE ON
2018
WITH THE
FINANCIAL
MUSCLE
OF THFCU:**

HOME EQUITY
LOANS

CASH-BACK REBATES
ON VEHICLE LOANS

COLLEGE
SCHOLARSHIPS

TAX-ADVANTAGED
INVESTING



Randy Willert
President/CEO

President's Message

Are Rates Going Up?

We've lived with low interest rates for quite some time. While many of us – myself included – remember the days of 5.0% APY savings accounts and 13.0% APR mortgages, there is an entire generation that has little to no experience outside of our present interest rate environment.

When the Federal Reserve raised the Federal Funds rate by 25 basis points last month it triggered the usual flurry of speculation and commentary regarding rising interest rates, inflation, and the future of the economy. With such excitable talk, television economists can give the impression that we are in a state of emergency and the time to act is now.

Is that true? Not necessarily. The rate hike was relatively small and was predicted for months leading up to the Fed's decision. And while many are guessing there will be additional adjustments in 2018 that remains to be seen. A good number of those same economists have incorrectly predicted rate increases for several years. If you are among those that believe rates will rise in the new year, there are some basic strategies that are worth considering.

For borrowers, consider locking in to a fixed rate product. Most of the loan offerings at Two Harbors Federal Credit Union are priced with a fixed interest rate. Auto loans, home equity loans and first mortgages all allow for rates to remain unchanged throughout the duration of the term.

But before you do lock in, research the alternative. Variable rate programs, like our home equity line of credit or our menu of adjustable rate mortgages, offer extremely competitive rates and conveniences that you may not find with traditional loans.

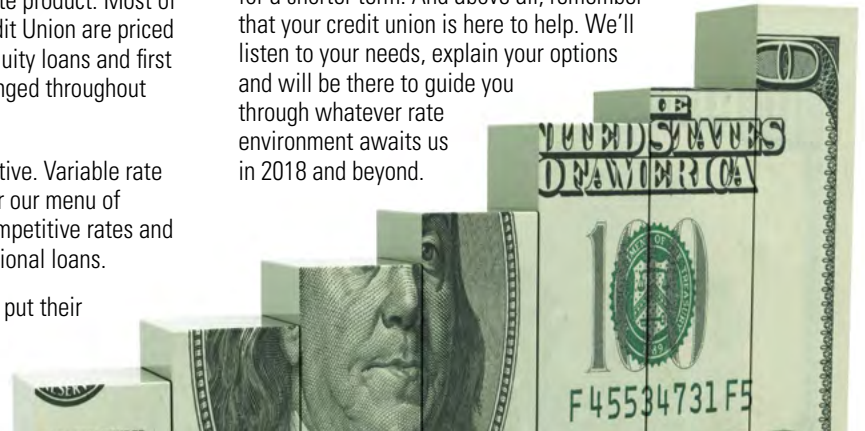
Investors that predict rising rates may want to put their

money into shorter term certificates or IRAs. THFCU certificate terms start at just 6-months. Choosing a short term now will provide a healthy yield but will also free up funds for you to reinvest this summer.

Of course the best returns are in longer term investments. In recent years many of our members have chosen 60-month certificates despite economists' warnings of rising rates. When those increases failed to materialize, the long-term investor enjoyed far greater returns than their short-term counterparts.

Regardless of how you invest, know that your THFCU deposits are federally insured up to \$250,000. Any IRA funds you have with us are insured up to an additional \$250,000. Not all investments have that security, so always consider the trade-offs of a higher yielding product found outside of THFCU.

Your borrowing and investing strategy can be very different depending on just how high (and how quickly) you think interest rates will climb. The best advice is this: Don't panic, and don't make sudden decisions. Take the time to understand the pros and cons of borrowing at fixed rates or investing for a shorter term. And above all, remember that your credit union is here to help. We'll listen to your needs, explain your options and will be there to guide you through whatever rate environment awaits us in 2018 and beyond.



Cover yourself with an HSA

If you are part of a qualifying high-deductible health plan consider the benefits of a Health Savings Account (HSA) from Two Harbors Federal Credit Union. Deposits to your HSA are made with pre-tax dollars and grow tax-free. Any dollars invested (by you or your employer) are available to you immediately. Or if you have no immediate use for the funds, let your balance grow. Unlike many flexible benefit accounts, there is no requirement to spend the funds within the year. Your balance can roll over in to future years. Forget the 'use it or lose it' pressure of similar accounts.

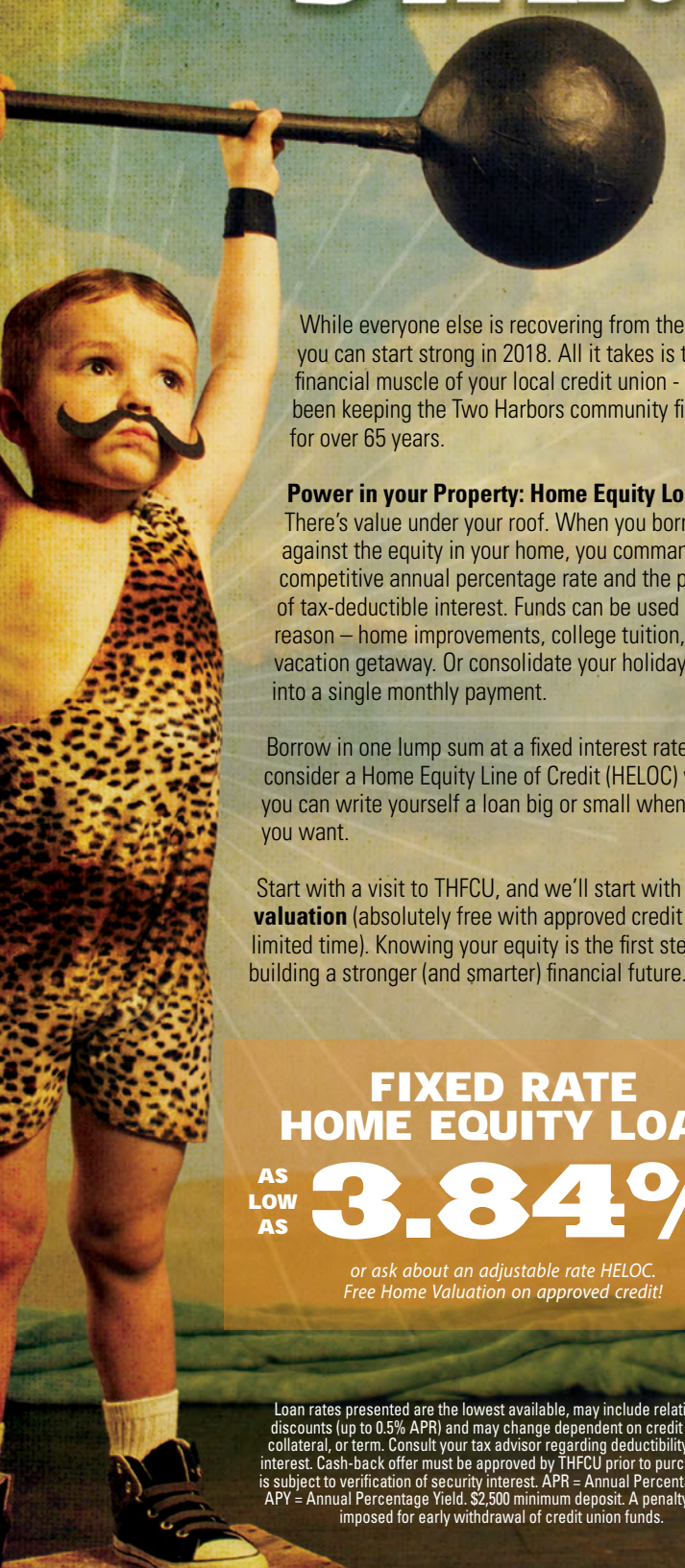
For added convenience, your THFCU HSA can be accessed with a debit card. Use your card for added convenience at the clinic, the pharmacy, or wherever you spend for qualifying medical care.

**Let THFCU help you get covered with an HSA.
Call or visit our 11th Street location today.**



START STRONG

TAKE ON 2018 WITH THE FINANCIAL MUSCLE OF THFCU



While everyone else is recovering from the holidays, you can start strong in 2018. All it takes is the financial muscle of your local credit union - one that's been keeping the Two Harbors community fiscally fit for over 65 years.

Power in your Property: Home Equity Loans

There's value under your roof. When you borrow against the equity in your home, you command a competitive annual percentage rate and the power of tax-deductible interest. Funds can be used for any reason - home improvements, college tuition, even a vacation getaway. Or consolidate your holiday debt into a single monthly payment.

Borrow in one lump sum at a fixed interest rate, or consider a Home Equity Line of Credit (HELOC) where you can write yourself a loan big or small whenever you want.

Start with a visit to THFCU, and we'll start with a **home valuation** (absolutely free with approved credit for a limited time). Knowing your equity is the first step in building a stronger (and smarter) financial future.

FIXED RATE HOME EQUITY LOAN

AS
LOW
AS

3.84%

APR

*or ask about an adjustable rate HELOC.
Free Home Valuation on approved credit!*

Loan rates presented are the lowest available, may include relationship discounts (up to 0.5% APR) and may change dependent on credit history, collateral, or term. Consult your tax advisor regarding deductibility of loan interest. Cash-back offer must be approved by THFCU prior to purchase and is subject to verification of security interest. APR = Annual Percentage Rate. APY = Annual Percentage Yield. \$2,500 minimum deposit. A penalty may be imposed for early withdrawal of credit union funds.

We'll Spot You: Loan Pre-Approval with Cash Back

When shopping for a new car, truck, or snowmobile it always helps to have THFCU nearby. When you visit us before the dealership, we'll pre-approve your loan and put you in the negotiation driver's seat. When the dealer sees you are pre-approved, they know you're ready to buy and won't settle for anything less than the best price available.

When you decide on your vehicle, simply write a check, take possession, and return to THFCU with the purchase agreement. We'll fund the loan and give you 1% of the loan amount back in cash!

AUTO LOANS

AS
LOW
AS

2.49%

APR

*Get 1% of your loan amount back in
cash with loan pre-approval.*

Beef up your Portfolio: Certificate and IRA investing

Regardless of where rates will go, THFCU has an investment solution for you. Some of the best rates in our market coupled with terms from 6 to 60 months gives you ample opportunity to strengthen your financial position.

Invest as a regular certificate, or plan ahead and enjoy the tax advantages of an Individual Retirement Account (IRA). Your THFCU deposits are federally insured up to \$250,000. IRA deposits are insured separately up to an additional \$250,000.

CERTIFICATES OF DEPOSIT (OR IRA CERTIFICATES)

0.55% ^{APY}
6 MONTHS

0.80% ^{APY}
12 MONTHS

1.15% ^{APY}
24 MONTHS

1.85% ^{APY}
60 MONTHS

Higher rates available with Jumbo Series Pricing - Call for details.

Scholarships for THFCU members

Want to start your 2018-2019 school year strong? Apply for multiple scholarships available to members of THFCU:

THFCU Exclusive: \$4,000 in college awards

THFCU members – and only THFCU members - are eligible to apply for one of four \$1,000 college scholarships. Two scholarships will be awarded to high school seniors graduating in the spring of 2018, and two additional scholarships will be awarded to current college students or those returning to post-high school education.

All awards will be given for the 2018-19 academic year. Deadline to apply is March 30, 2018. This program is exclusive to members of Two Harbors Federal Credit Union and just one more benefit of membership in THFCU.

Call for your application packet, or visit thfcu.org and apply online.

For Credit Union members in Minnesota

The Foundation Scholarship Council, formed and funded by Minnesota's Credit Unions, will be awarding \$20,000 in college awards this spring – two \$3,000, two \$2,000, and ten \$1,000 scholarships.

Members of THFCU pursuing post-secondary education in the fall 2018/spring 2019 are eligible to apply, but must do so by February 1st. Applicants complete a short form and essay to be considered. This year's essay question: What is your best-ever consumer experience? Where was it and what made it so great?

Find out more and apply at mncun.org/mpage/FSCscholarships.



Important Information for Members

Your THFCU Visa Credit Card will convert this February



Members with the THFCU Visa Credit Card will receive an upgrade as we convert to a new processor in February.

Our new processor will allow us to better serve you, while your new credit card plastic will feature chip technology, a security feature already

in use with your THFCU Visa Debit Card. Last but not least, your new card will introduce an all-new rewards program with more retail options.

In early January all cardholders will receive detailed information regarding the transition. This communication will also post to thfcu.org. Important dates to note:

- 1/31/18** Current ScoreCard Rewards program ends. You will continue to earn points on your THFCU purchases up through 1/31/18. Point balances must be redeemed by 3/31/18.
- 2/1/18** In early February, you will receive your new THFCU Visa Credit Card (new design is pictured). This card will not become active until 2/19/18.
- 2/18/18** The last day to use your old THFCU Visa. After this date, your old card will no longer work.
- 2/19/18** Activate and begin using your new THFCU Visa Credit Card. Any balances will be transferred to your new card on this date.
- 3/31/18** Last day to redeem reward points from the old ScoreCard Rewards program. Log in to scorecardrewards.com before this date to spend your remaining point balance.

Products & Services

Loans

New/Used Vehicle • New/Used Boat/RV • Mortgage • Home Equity • THFCU Visa • Personal Loans

Deposits/Checking

Savings • Checking • Checking Plus • Money Market • Certificates • IRAs • HSAs

Access

Home Banking Plus • Online Bill Payer • Mobile Banking

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