

# expanding Horizons

## How to Maximize Your Returns Through Certificate Laddering

Savers everywhere are rejoicing as interest rates continue their upward trend. There's nothing better than earning higher returns on your money. One of the most potent saving tools right now is a Share Certificate Account.

These accounts allow you to earn significantly higher dividends than traditional savings accounts. However, many members are reluctant to lock in their funds because they fear they will miss out on even better rates down the road. So, how can you maximize your investment returns now without sacrificing higher rates in the future? It's a unique strategy called certificate laddering.

### What is a Share Certificate Account?

A share certificate account is a type of savings account where your money is locked in for a designated timeframe or term. You cannot withdraw your money from this account during your term without incurring a penalty. In exchange for locking in your funds, you earn significantly higher interest or dividend rates than traditional savings accounts.

To illustrate how certificates function, review the following example chart:

Certificate Term	Dividend Rate
15 Month (Promo)	5.15% APY
30 Month (Promo)	4.50% APY
12 Month	3.10% APY
24 Month	3.25% APY
48 Month	3.40% APY

While each financial institution will have its own certificate terms and rates, they will typically be displayed in this fashion. What if you're afraid rates will jump right after you open your certificate? To combat this fear, consider certificate laddering.

### What is Certificate Laddering?

Certificate laddering is an investment strategy where you utilize a variety of certificate terms to keep your money partially liquid. The best way to explain this concept is through an example.

Imagine you have \$15,000 you want to invest. Using the chart above, you see that the 48-month certificate offer the highest



rate of return (with the exception of promo rates). However, you're reluctant to lock in your money for 48 months for several reasons:

- You plan to go on a vacation in two years and want to use some of this money to pay for it.
- You believe interest rates will continue to increase over the next couple of years - leading to higher returns if you wait.
- You don't want all your money locked up in case you have a financial emergency.

To combat these scenarios, you can ladder or stagger your certificates. Instead of investing all \$15,000 into one certificate, your investments could look like the following:

- \$10,000 in a 15-Month certificate
- \$1,500 in a 12-Month certificate
- \$1,500 in a 24-Month certificate
- \$2,000 in a 48-Month certificate

Your investments could be any mix of certificate terms available, but this example shows how laddering works. Certificates tend to offer greater returns than other savings options, such as savings or money market accounts.

This strategy allows you to have multiple maturity dates so that money is always available annually. If rates increase, you can roll over the investment into a higher rate once it matures.



## A Message from the CEO

As I complete my first six-months here at Patriot, I have to say the organization, members, and communities that we serve have been as advertised and then some. It's gratifying and humbling to serve our members, but also to represent the Patriot brand in our local communities. Though times are filled with uncertainty and

challenges, remember that YOUR credit union is here for you and, as much as times do change, our commitment to YOU and your financial well-being remains our top priority.

While many economists hinted the American economy would be in a recession in 2023, here we are entering the 4th Quarter with an economy that is resilient despite sputtering on occasion. The Federal Reserve hoped to slow the economy by lowering consumer demand and provide a soft-landing for the economy.

Eighteen months ago, interest rates began to increase after a lengthy period of low rates. At that time, the prime rate was 3.25% and the Federal Reserve would raise it 300 basis points from the start of 2022 to 6.25% in September. This marked the first time since the start of 2008 that prime was over 6%. Today, the prime rate is 8.50%, having moved up 5 times since a year ago and 11 times since the start of 2022.

Rising interest rates often impact different consumers in a variety of ways. For example, higher rates can be beneficial by providing increased earnings on savings accounts, money market accounts, share certificates and retirement accounts. It is particularly great news for members seeking safe, solid returns for their savings. For those focused on long-term savings, our share certificates are at the top of the list in local competitive rate surveys. While members can lock in rates in certificates, Patriot is also offering more value with money market rates for individuals who want ready access to their savings. And our Dividend Checking with a 2.5% dividend rate combines the best of a savings and checking account with payment options including debit card, eBranch and Mobile, mobile wallet, online bill pay, and more.

On the flip side, rising interest rates have proven costly for borrowers. Consider that an auto loan for \$25,000 at 4% for 4 years had a monthly payment of around \$564 less than 2 to 3 years ago. Today, that same auto loan carries a rate of over 7% and has a \$600 monthly payment. While that's less than \$40 per month in terms of a monthly payment, consider that the average new vehicle price has increased as well, diminishing a consumer's buying power. According to the US Bureau of Labor Statistics, new cars are over 21% higher than they were in 2020, with an average price of over \$47,000. Further, the average monthly payment on a new car is now \$729!

While that news may be disheartening, it is minimal when compared to the impact of higher rates on a consumer looking to purchase a home. Higher interest rates have a direct impact on a monthly payment, but indirectly effects both inventory and sales prices. Here's an example - families

looking to upgrade to a larger home aren't as likely to do so because they are faced with trading in a 3.75% mortgage that they got in 2019 for one with a fixed rate at over 7% today. In fact, the average rate for a conventional 30-year mortgage hit 7.31% in August, the highest level since 2000. A \$300,000 home loan will see the monthly payment increase from under \$1400 in 2019 to over \$2000 today. As a result, many families decide to stay in their current home longer, which reduces inventory. And when homes do go on the market, it is not unusual for a bidding war to inflate prices - it's a seller's market, so the consumer in the market for a home ends up spending more.

It is important that you know that your money at Patriot is safe and secure. As a credit union we are member-owned cooperative, not a publicly traded company with shareholders. Earlier this year, the sudden collapse of Silicon Valley Bank (SVB), Signature Bank, and First Republic Bank put the banking system under pressure. Then news this summer surfaced that Moody's down-graded/downgraded the credit ratings of a number of small to mid-sized banks and warned that larger banks could also be downgraded, citing growing financial risks and strains could erode their profitability.

Patriot has been awarded the coveted 5-Star rating by Bauer Financial, an independent financial services research firm for over 30 consecutive years. This 5-Star rating, Bauer Financial's highest possible rating, demonstrates that Patriot is one of the strongest credit unions in the nation in key areas such as capital, profitability, liquidity, and asset quality. This rating, and our strength in these areas, give you, our valued members, the confidence that your credit union is performing at its very best financially.

We're also especially proud that Patriot was named as one of America's best credit unions, ranking as #3 Best In State Credit Union for Pennsylvania. This recognition was extended to only 146 credit unions in the nation and was determined from a survey conducted by Forbes and industry ranking provider Statista, Inc. based upon customer service, quality of financial advice, transparent and reasonable fees, branch locations, services offered, overall level of trust, and more.

Our entire Patriot family is honored to receive this very special and significant recognition. We greatly appreciate the support that so many of our members expressed to Forbes in their survey. Your confidence in how we serve YOU, our members, is a source of pride for every Patriot team member and volunteer.

As I conclude, let me remind you that we are here for you, our members - in good times and in challenging ones. Whether you are financially stable or are concerned about your financial future and health, Patriot can help with services, support, and financial education to help - - - whether it is to get control of your finances. to build confidence with them, or to provide you with options to help improve your financial well-being.

Sincerely, Ron Celaschi, CEO

## New Branch Hours - Starting October 2nd, 2023

Patriot branch offices will soon have new hours to allow us to continue to serve our members during the times that are most convenient. Check out our website for the new hours by location - <https://www.patriotfcu.org/branch-hours/>.

## How to Maximize Your Returns Through Certificate Laddering (continued from page 1)

### Advantages of Certificate Laddering

Laddering certificates is a tactic used regularly by savvy investors seeking higher returns while maintaining flexibility with their funds.

- **Liquidity:** Instead of locking up your money long-term, laddering gives you access to a portion of your funds annually. Once a certificate matures, you can either roll over the investment into a higher-rate certificate, withdraw the money, or invest in another medium, such as the stock market.
- **Planning:** Certificate laddering provides an easy way to organize your money based on financial goals. For example, imagine you aim to accomplish the following:
  - You have a family vacation scheduled for next year.
  - You want to buy a new car in two to three years.
  - You plan to purchase a house in the next five to seven years.

You can open a certificate for each financial goal based on your timelines. Certificates are great tools because they lock in your money - forcing you to save.

- **Higher Returns:** The economy constantly fluctuates, and you don't want to miss out on higher interest rates in the future. By laddering your investments, portions of your

money can become available annually - allowing you to lock in higher rates upon maturity.

- **Diversification:** Certificates are a more conservative investment tool used widely by investors for portions of their portfolios. Because your money and rate are locked in for the term, certificates can help protect you against economic downturns where interest rates suddenly drop.
- **Guaranteed Returns:** Certificates offer guaranteed returns, unlike the stock market, where you can lose money. Your certificate will earn the rate designated throughout your term. Plus, your account is federally insured up to at least \$250,000 by the National Credit Union Administration (NCUA), a US government agency.

### We're Here to Help!

When interest rates are climbing, investors might be hesitant to lock their money in longer-term certificates. However, laddering allows you to earn greater returns now, with the opportunity to cash in on better rates down the road.

If you have questions about laddering certificates or would like to discuss this unique strategy with a team member, we're ready to help. Please stop by any of our convenient branch locations or call 888-777-9982 today.

### Santa's Coming to Patriot!



On Saturday, December 2, from 9:00 AM to Noon, you're invited to a special photo session with Santa! Visit the Patriot branch located at **800 Wayne Avenue in Chambersburg**. Plus, it's a great time to let Santa know about any special gift you may want this year.

### IMPORTANT ANNOUNCEMENT



Patriot emails reminding you to check your eStatements will come from [eDocuments@mypatriotfcu.org](mailto:eDocuments@mypatriotfcu.org) going forward. Please add this email to your address book to ensure you receive this email alert.

You should still go to our website [patriotfcu.org](http://patriotfcu.org) to access Online Banking or use your Patriot Mobile app.

## Multi-Factor Authentication (MFA) Now Available on eBranch/Mobile

Patriot Mobile and eBranch users now have the option of enrolling in Multi-Factor Authentication (MFA).

This feature is another way that members can protect themselves from potential fraud and account takeover.

The new MFA feature is available for interested members on a per request or opt in basis. Reach out to a Patriot team member to add this to your account today!

MFA is not the only security feature available to eBranch and Patriot Mobile users. eBranch and Patriot Mobile alerts can be set-up to notify members about activity such as:

- **Change in Contact Information Alert** - if a member's contact information (email, phone, etc.) is changed, an alert will be sent to the member via email or push notification.
- **Login Credential Change Alert** - if a member's login credentials (username or password) are changed, an alert will be sent to the member via email or push notification.

- **Login Alert** - each time eBranch or Patriot Mobile is accessed, an alert is sent.
- **Balance & Transaction Alerts** - member will receive an email or push notification regarding balances and transactions. Members can manage these alerts and change them by going 'Messages & Alerts' and selecting 'Manage Alert Settings' then choosing the account to be monitored.

Members can also choose to have a challenge question presented each time they log into eBranch or Patriot Mobile as added security. To do so, members can simply log into eBranch/Patriot Mobile, click on 'Settings' and 'Additional Services', then 'Challenge Question Each Login' and toggle the button until it is green and save the change.

We're always looking out for our members and striving to educate them about scams. Check out our new video regarding recent text scams by scanning the QR code.





## Patriot Federal Credit Union Awarded on the Forbes Best-In-State Credit Unions 2023 List

Patriot has been awarded on the Forbes list of Best-In-State Credit Unions 2023. This prestigious award is presented by Forbes and Statista Inc., the world-leading statistics portal and industry ranking provider. The award list was announced on June 20th, 2023, and can currently be viewed on the Forbes website.

Forbes and Statista identified Best-In-State Credit Unions 2023 were determined based on two sources:

1. **An independent survey:** Approximately 26,000 US consumers were asked to rate banks at which they have or previously have had checking accounts. Participants made recommendations regarding overall satisfaction and assessed banks in the following areas: Trust, Terms & Conditions, Branch Services, Digital Services, Customer Service, and Financial Advice.
2. **Publicly available reviews:** For each bank/credit union in each state a sentiment analysis approach of publicly available online text reviews and ratings was applied.

Patriot is ecstatic to be recognized on the Forbes list of Best-In-State Credit Unions 2023!



Patriot Federal Credit Union has partnered with IDIQ to offer our members the services needed to provide credit monitoring as well as identity theft monitoring due to the increasing trends affecting consumers. IDIQ provides tools to protect your personally identifiable information like driver's license, medical records, and more. As part of your membership, we recommend you take advantage of our IDIQ partnership to help with your financial goals and protect you.

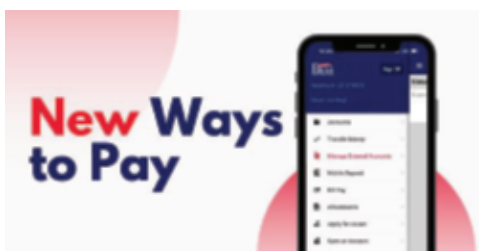
Identity IQ offers three plans to best fit the member's needs. To learn more visit <https://www.patriotfcu.org/identityiq/>



\* Annual Percentage Yield (APY) of 5.15% on 15-Month Certificate for the \$10,000-\$99,999 tier. Other rates and tiers are available with a minimum opening balance of \$1,000. Rate effective 08/16/23 and is subject to change without notice. The APY assumes that all interest remains on deposit until maturity. Withdrawals and fees could reduce earnings. Substantial penalty for early withdrawal. At maturity the certificate will automatically renew for a term of 12 months at the prevailing rate. Not valid with any other offer. Must be a member. Other restrictions apply.

\*\* Annual Percentage Yield (APY) at 4.60% on 30-Month Certificate for the \$10,000-\$24,999 tier. Other rates and tiers are available with a minimum opening balance of \$1,000. Rate effective 08/16/23 and is subject to change without notice. The APY assumes that all interest remains on deposit until maturity. Withdrawals and fees could reduce earnings. Substantial penalty for early withdrawal. At maturity the certificate will automatically renew for a term of 30 months at the prevailing rate. Not valid with any other offer. Must be a member. Other restrictions apply.

\*\*\* Annual Percentage Yield (APY) at 4.10% on 60-Month Certificate for the \$10,000-\$24,999 tier. Other rates and tiers are available with a minimum opening balance of \$1,000. Rate effective 08/16/23 and is subject to change without notice. The APY assumes that all interest remains on deposit until maturity. Withdrawals and fees could reduce earnings. Substantial penalty for early withdrawal. At maturity the certificate will automatically renew for a term of 60 months at the prevailing rate. Not valid with any other offer. Must be a member. Other restrictions apply.



## Pay Your Loan or Deposit funds in eBranch or Patriot Mobile App with funds from an External Account!

We have added an additional way to pay your Patriot loan or transfer funds into your Patriot account.

Now available in eBranch and Mobile, you can set up your account at another bank or credit union to transfer funds directly to your loan or share at Patriot. To learn more about our External Transfers service please watch our video or contact us for assistance.



## 75 Years of International Credit Union Day®



On October 19, 2023, Patriot will join over 56,000 credit unions around the world to celebrate International Credit Union (ICU) Day®. This year marks the 75th anniversary of International Credit Union Day®

ICU Day highlights the many ways that credit unions across the world help members work towards achieving their financial goals. Credit unions were built on the principle of "people helping people." We've seen that philosophy in action for more than 100 years, with credit unions providing access to affordable financial products and striving to meet the needs of underserved communities. Patriot is honored to be a part of this proud tradition.

Patriot invites both members and nonmembers to visit our branches and celebrate this day.