

March 2023 Issue

Community News

3 HELOC Benefits Home Owners Should Know

A Home Equity Line Of Credit (HELOC) allows owners to tap into their home's existing value without having to resort to other, high-interest alternatives.

With inflation still painful and money concerns for many Americans a high priority, some may be looking for new ways to make ends meet each month. This can take a variety of forms. Personal loans and credit cards are typically used as backup ways to pay bills while others may cash out an insurance policy or refinance their existing debt.

Homeowners with equity in their homes have another alternative to consider. HELOCs come with a variety of benefits owners should be aware of.

It has lower interest rates than other credit forms

If you need extra money make sure not to overpay for that assistance. Each type of credit offered comes with its own interest rate, some of which can be exorbitant. The average interest rate for a credit card is currently around 20%. For personal loans, it's been around 11%, according to the Federal Reserve. A HELOC, at the same time, is approximately 7%.

Granted, that rate will typically be reserved for those applicants with an above-average credit score and a clean credit history. But if you have decent credit you'll likely pay a lot less by tapping into your home's equity with a line of credit than you would if you applied for a personal loan or opened a new credit card.

It may be tax-deductible

Unlike other forms of credit, a home equity line of credit can potentially be written off when it comes time to file your taxes. If you used your HELOC to pay off bills or to make big purchases, it probably won't be eligible. But, if you used it for major household repairs or renovations (as many homeowners tend to), then you may be able to include it in your annual return.

"Interest on home equity loans and lines of credit are deductible only if the borrowed funds are used to buy, build, or substantially improve the taxpayer's home that secures the loan," the IRS explains. "The loan must be secured by the taxpayer's main home or second home (qualified residence), and meet other requirements."

So, if you get a HELOC now make sure to save all appropriate paperwork for filing when it comes time to do your 2023 return.

It's flexible

Unlike some other forms of credit, in which you'll have to pay interest on the full amount taken out (even if you don't use it in its entirety), HELOCs will only charge interest on what you actually use. So, if you're approved for a HELOC for \$50,000 but only use \$20,000, you'll only be liable for interest on the latter amount. This flexibility could be key for borrowers looking to keep their payments as low as possible.

During a time of high inflation and market unpredictability, there will be many financial products and services offering appealing ways to get out of debt and make extra cash. Homeowners, however, have a unique, low-interest alternative to pursue: their homes. A home equity line of credit offers flexible terms and, if used for qualifying purposes, could be tax deductible. It also typically offers applicants with high credit scores more favorable interest rates than personal loans or credit cards.

Considering a HELOC? WCCU offers a Flex Equity Line of Credit. It is a line of credit and a fixed rate loan all in one!

Visit westerlyccu.com/flex to learn more, view current rates and apply!

What can your HOME do for you?



Consolidate Debt



Home Improvements



College & More!

Use your Flex Equity Line of Credit as a Line of Credit OR as a Fixed Rate Loan!

12-Month Intro. Rate As Low As Then Variable Rate As Low As

3.99% APR | 7.25% APR

Apply at westerlyccu.com/flex

*Rates and offer as of 3/1/2023 are subject to change. After 12 month introductory rate period, the Annual Percentage Rate (APR) is variable based on the Prime Rate as published in the Wall Street Journal on the last day of each billing cycle and tiered as follows: \$10,000-\$99,999.99 is Prime-0.25%, \$100,000 and over is Prime-0.50%. APR will never be more than 18% or less than 3.25% after the initial fixed period. 1-4 family owner occupied properties only. 80% maximum combined loan to value. Minimum loan \$10,000 (line of Credit), \$5,000 (fixed Rate portion). Maximum loan is \$350,000. The plan allows two fixed rate advances from your line at any given time during the 10 year draw period (repayment terms up to 15 years for each draw). Fixed rate advance rates will be those in effect at time of draw. Flood insurance may be required. Property insurance is required. Consult a tax advisor about the deductibility of interest. Other restrictions may apply. A cancellation fee will apply for loans terminated with 2 years of origination date. Other rates and terms available. Available for new lines only. \$50 annual fee will be waived for 1st year. WCCU NMLS ID# 518892.
Article adapted from '3 HELOC benefits homeowners should know' 2/28/23, by Matt Richardson, msn.com

What's New at WCCU!

Make Your Money Work For You!

- ✓ No min. balance requirements
- ✓ No monthly service charges
- ✓ Free ATMs**
- ✓ \$20 non-network ATM rebate**

Earn **MORE** with eChecking!

4.00%

APY*

For balances under \$20,000!

Open your account at
westerlyccu.com/echecking



*Annual Percentage Yield (APY) as 3/1/2023 and subject to change. Rate shown of 4.00% APY is for balances \$0 - \$19,999.99. Balances of \$20,000 or greater will earn 0.50% APY. To receive the higher rates, members must use their debit card a minimum of 10 times per month as a PIN or signature based transaction, sign up and activate eStatements, and complete 1 or more direct deposit or ACH transfers per month totaling a minimum of \$500. If account does not meet the criteria, the monthly rate will be 0.10% APY. **Other ATM owners may impose a surcharge for the use of their ATMs. WCCU will reimburse up to \$20 of "foreign" atm fees (other institutions fees) per month with receipts. Insured by NCUA.

WCCU Celebrates a Promotion

Lori Smith has been promoted to Floating Financial Services Manager/Coach. Lori has been with WCCU since 2012 most recently serving as Lending Processor.

Congratulations on your new position!

Join Us For Winter Networking!

Refreshments | Appetizers | Networking

3.23.23 • 5pm – 7pm • WCCU
2405 Nooseneck Hill Rd. | Coventry RI 02816

Visit checkouttri.com to register

\$6,500 in Scholarships Available

Apply by April 1st at
westerlyccu.com/scholarships

Complimentary Virtual Seminars

Below is a schedule of upcoming topics:

Tue., Mar. 8: Understanding Your Rollover Options

Tue., Mar. 22: Rethinking Diversification

Register at westerlyccu.com/seminars

Go from everyday spending to a once-in-a-lifetime experience



Use your WCCU Debit Mastercard® through 6/30/23 for a chance to win a trip for 2 to the city of your choice!

*Visit westerlyccu.com/debit-sweepstakes for complete contest details!

*NO PURCHASE NECESSARY. Void where prohibited. Existing Mastercard cardholders who are legal residents of the 50 U.S. or DC, and legal age of majority before 3/1/23. PIN-based debit, international & corporate transactions ineligible. Ends 6/30/23. Visit us online or ask a member service representative for Official Rules & complete details. Mastercard and the circles design are registered trademarks of Mastercard International Incorporated.



Dates to Remember

Mon., Mar. 27, 2023: WCCU Annual Meeting
Visit westerlyccu.com/annualmeeting to register.



Westerly Community Credit Union

Westerly ~ Richmond ~ Wakefield ~ Coventry

www.westerlyccu.com

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Insured by NCUA.
WCCU NMLS ID#: 518892

