

Quarterly Newsletter

from Brewer Federal Credit Union

The Pros and Cons of Buy Now, Pay Later

Buy Now, Pay Later (BNPL) is a payment option that is quickly growing in popularity. When someone is about to make their purchase at a retailer's checkout, they may receive a BNPL offer, which would allow them to make their purchase with little or no money down, instead paying it off in a series of installments at later dates. It's a type of short-term financing that is often interest-free. For shoppers, using BNPL can be very convenient, but people should have a good understanding of the pros and cons before choosing that option.

Pros

Increased Convenience

Whether someone is shopping online or in-store, the BNPL option is integrated into checkout, which makes the process simple and convenient. For those who want to make a purchase, but don't have enough funds on-hand or in their account at that moment, this payment option allows them to get the item immediately. Depending on the BNPL option, they can get their item with little or no money down. The remaining balance would be billed to their debit or credit card in a series of weekly or monthly payments until the purchase is paid in full. Credit checks are also not required for the vast majority of BNPL options. If someone is having trouble getting approved for a credit card because of poor or no credit, BNPL can be a convenient alternative.

Lack of Interest

One of the most enticing selling points of BNPL options is that they are generally interest-free. If the repayment terms have someone paying over multiple months on a BNPL purchase, they wouldn't spend more than they would have if they paid in full immediately. This wouldn't be the case with most credit cards, as interest is charged to the balance on a credit card monthly. However, interest and fees on BNPL can be charged if scheduled payments are missed.

Automatic Payments

Instead of someone having to log into their online or mobile banking service to make every payment, BNPL makes things easy. When applying for BNPL at checkout, the buyer chooses where the installment payments will be taken from. As the payments are due, the BNPL provider takes the money out automatically. This makes it easy on the buyer, as it eliminates the chances of missing a payment through human error. However, it's important to note that even automatic payments can still not clear if there are insufficient funds in the account. Whether it's BNPL or any other automatic withdrawal, people should ensure there are enough funds in their account for when payments are pulled.

Cons

May Lead to Impulse Purchases

Because it's so easy and accessible, services like BNPL can lead to people spending impulsively. Immediately having access to a product or service without having to pay the full price up front makes it easier than ever rack up debt by overspending. While full payment isn't required immediately, that money still needs to be paid eventually. Before anyone makes a purchase using BNPL, they should ask themselves, "If I can't afford this right now, will I actually be able to in a few weeks?" If not, people shouldn't use a BNPL service.

Can Negatively Impact Credit Scores

While enrolling in BNPL typically doesn't involve checking the buyer's credit score, missed payments may be reported to the credit bureaus. This means the buyer's credit can still be affected by the service. Missed or late payments can lower someone's score and make it more challenging for them to qualify for loans or credit cards in the future.

Potential for Fees and Penalties

A major selling point of BNPL is that the service is interest-free. While that is true if payments are made on time, interest and fees can be charged after late or missed payments. Late fees are usually in the \$5 to \$10 range and are sometimes capped at 25% of the purchase value. It's important for people to review terms and conditions before enrolling as unexpected fees can add up. If the option to use Buy Now, Pay Later presents itself, should people enroll? The choice is a personal one—much like using any other financial product. People should review the pros and cons and consider their own spending habits and financial situation to determine if BNPL is a good option for them. If you have questions about the latest payment options, contact your local credit union!

Annual Meeting

Friday, April 14, 2023 | 6:00PM (Doors Open at 5:30PM)

Penobscot County Conservation Club | 570 N. Main Street, Brewer

RSVP: Attendees must RSVP by visiting a Brewer FCU branch location or by calling 989-7240



Privacy Notice

Brewer FCU's Privacy Policy is available on our website at www.brewerfcu.org. There have been no changes. A notice will be mailed to any member who requests it by calling us at 207.989.7240.

Liquid Assets: How Much do You Need?

How much is the right amount of cash to have on hand? Not enough, and an emergency can force you to take on new debt or cash out investments. Too much, and you risk lost opportunity—vacations never taken, savings and investment accounts never opened. If you're not sure how much you need, you can get a good idea by making a few simple estimates.

Tally your monthly expenses

Look over several months so you don't overlook expenses that aren't monthly, like heating oil payments or car tune-ups. The result is the average amount of money you realistically need per month when things are going well.

Subtract everything optional

The goal is to determine how much you really need to get by each month. Divide the expenses from Step 1 into those that are essential (food, rent, medicine) and those that are not (gym memberships, streaming services). The result is the monthly amount you really need.

Decide how many months you need to cover for an emergency

While there is no universal formula, a minimum of three months of essential living expenses is a good starting point. There are plenty of factors to consider, including job/income stability, employment type, your age, family size, and family income streams. For example, is your job in a stable industry, like nursing, or are you a salesperson for a tech start-up who is paid mostly on commissions? Whatever number of months you decide on, multiply that figure with the amount from Step 2 to get your emergency fund amount.

Extra money for surprises

The car dies, or you fall and break your wrist. These surprise expenses can pop up anytime. It's up to you if you want to add an extra cushion to your emergency fund from Step 3 to cover surprises.

Prepare for future needs

Maybe your car is on its last legs, or your best friend is having a destination wedding next year. Start putting money away separate from the emergency fund so that when the time comes, you don't have to use a credit card or take out a loan to cover these expenses.



Where to Keep Your Will

Creating a will is a crucial step in ensuring that your assets and property are distributed according to your wishes after you pass away. However, it's not enough to simply create a will; you also need to ensure that it is stored in a safe and accessible place. In this article, we'll explore where to keep your will to ensure that it is protected and easily accessible.

Keep it in a safe or safety deposit box:

One of the safest places to store your will is in a fireproof safe or safety deposit box. These options provide protection against theft, damage from natural disasters, and other unforeseen events. However, keep in mind that accessing your will from a safety deposit box may require additional legal paperwork or documentation, so make sure to discuss this option with your attorney.

Give it to your attorney

Another option is to give a copy of your will to your attorney, who can keep it safe and provide legal guidance to your executor or loved ones. However, make sure to inform your executor or loved ones that your attorney has a copy of your will and provide them with contact information to access it.

Store it with a trusted family member or friend

If you don't want to keep your will in a safe or with your attorney, consider storing it with a trusted family member or friend. Make sure that they are aware of the importance of the document and provide them with instructions on how to access it.

Digitally store it

With the advancement of technology, it is now possible to store important documents digitally. Consider storing your will on a secure, password-protected device or in a cloud-based storage system. However, it is crucial to make sure that your loved ones know where to find it and how to access it.

Register it with a national will registry

Some organizations offer national will registries where you can register your will. This option provides added security and ensures that your loved ones can easily access your will when needed. However, keep in mind that some national will registries may charge fees, so research your options before choosing this method.

In conclusion, where you keep your will is as important as creating it. Choose a location that provides protection against theft, damage, or other unforeseen events and ensure that your loved ones know where to find it and how to access it. Whether you choose to keep it in a safe, with your attorney, with a trusted family member or friend, digitally, or in a national will registry, the most important thing is to ensure that your will is safe, accessible, and reflects your final wishes.

Credit Union Hours

Lobby and Drive-Thru

Monday–Wednesday

8:00 A.M. – 4:00 P.M.

Thursday and Friday

8:00 A.M. – 5:00 P.M.

Saturday

8:00 A.M. – 12:00 P.M.

Saturday hours offered at
77 North Main Street only

Office Locations

77 North Main Street · Brewer

p: 207.989.7240

f: 207.989.7857

229 Dirigo Drive · Brewer

p: 207.989.7240

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Holiday Closings

Memorial Day

Monday, May 30

Independence Day

Monday, July 4

