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veterans, the DoD and their families.

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Financial Smart Book



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NAVY 
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MARINE CORPS
NAVY
AIR FORCE
SPACE FORCE
COAST GUARD
VETERANS

Our Members Are the Mission

This material is for educational purposes. The DoD does not favor or endorse any products or services offered by a financial institution.

OUR MEMBERS ARE THE MISSION®

At Navy Federal Credit Union, our members are at the heart of everything we do. As a member-owned and not-for-profit credit union, we have a mission—to put members first by making their financial goals our priority.

Whether you're looking to buy your first car, open a checking account or save for retirement, we can help with expert advice, educational information and great products.

This *Financial Smart Book* will help you navigate through the many products and services we offer. You can also get information about making smart financial decisions at MakingCents—our financial education site. Visit navyfederal.org/makingcents.

If you'd like to speak to us in person, stop by one of our branches or give us a call at 1-888-842-6328. Our stateside member reps are available 24/7 to answer your questions.



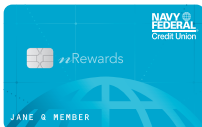


UNDERSTANDING CREDIT

Credit Cards: Safer Than Cash and Help You Build Credit

Our credit cards can help you track expenses, earn rewards and pay for unexpected expenses, but they're also safer to use than cash. At Navy Federal Credit Union, you're backed by our Zero Liability policy. That means you won't lose money because of reported, unauthorized purchases.

Our secured credit card is a great tool for building or repairing credit. It works like any other credit card, except you determine your limit by depositing money to be held in your Membership Savings account.



Loans: Help for Big Purchases or Expenses

At some point, most of us will apply for loans to make big purchases like a car or house. When you do, it will be important to get answers to these questions:

- What's the loan's Annual Percentage Rate (APR)?
- What's the term (or length) of the loan? (This is how long you'll be making payments.)
- What terms are available? (For example, do you have to pay off in 2 years or can you spread payments out over 5, 10, 15 years, etc.?)
- Is a down payment or co-signer required?
- How much will the monthly payment be?
- Are there late charges? If so, how much?
- Are discounts available for Active Duty military members or members of another organization? (Navy Federal offers additional discounts for Active Duty military members.)
- Is there a penalty for early repayment of a loan? (Would you have to pay a fee for paying off your loan early?)



What's a Credit History, and Why Is It So Important?

Your reputation as a borrower is based on your borrowing and repayment history. Good credit histories mean good credit scores, which are often rewarded by lenders with lower rates and favorable terms. A poor credit history could cost you.



All About Credit Reports

A credit report is a history of your credit transactions that showcases your financial strengths and weaknesses.

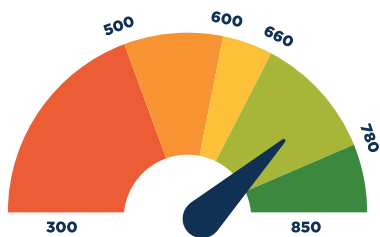
What's in a Credit Report?

Personal Information	Your name, Social Security Number, birth date, current and previous addresses and employers
Credit History	Specific information about your credit accounts, including accounts that list you as an authorized user
Public Records	Information from government sources like bankruptcy records, court records, tax liens, monetary judgments and overdue child support
Inquiries	Any time a person or company accesses your credit report, the inquiry is recorded and generally remains on your credit report for up to 2 years

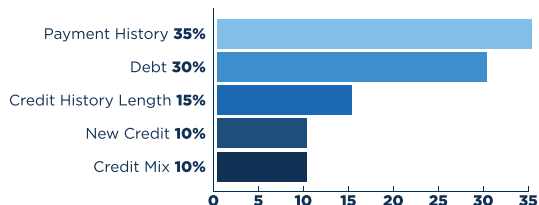
What's in a Credit Score?

Credit scores are used by lenders to determine your creditworthiness. They're calculated using many different types of credit data in your credit report. The percentages in the chart below provide an example of how important each category can be in determining a credit score.

With our free dashboard, you can easily monitor, manage and help control your credit score. Get started at navyfederal.org/resources/credit-simulator.



WHAT'S IN A CREDIT SCORE?



Personal Finance Counseling Services

Get guidance from a dedicated team of personal financial management counselors on goal setting, budgeting, financial recovery and more. Visit navyfederal.org/pfc or call 888-503-7106 to learn more.

STAY ON TRACK WITH A BUDGET

A budget can be your best friend when it comes to simplifying your finances. Use our Personal Finance Budget Worksheet on MakingCents and kick off your budgeting plan with these steps:

- **Track Your Spending:** Set up expense categories and monitor where you're spending.
- **Reconcile Your Account:** Sign in to your account often and double check your account statements against receipts. Doing this regularly will become a smart habit.
- **Save Now, for Later:** Pay yourself first by setting up automatic transfers from your checking account to a certificate or savings account.

Check out the Personal Finances track at navyfederal.org/makingcents to learn more.

Have an Emergency Fund So You're Ready for the Unexpected

Sudden changes like unexpected car repairs or a job loss won't catch you off guard if you prepare ahead of time.

- **Start now.** Open an account and start making regular deposits, no matter how small.
- **Set a target amount and a deadline to reach it.** Reaching your target is easier if you break it down into small, easy-to-handle payments. Don't worry if you get a little behind. Just keep moving forward.
- **Track your progress.** It will be fun watching your little fund grow. You'll see that you're earning dividends not only on what you deposit, but also on the dividends you earned before.
- **Resist the urge to spend it.** It might be tempting to buy the latest technology or take a fun vacation, but resist spending your emergency funds unless you have an emergency. That way, it will be there when you really need it.

WE OFFER THE ACCOUNTS YOU NEED

If you're looking to make everyday transactions like paying bills or need a place to store or grow your money, both a checking and a savings account are helpful tools, but there are important differences.



All About Checking Accounts

Checking Account Features

- Deposit money
- Make withdrawals and pay bills
- Access funds easily with direct deposit
- Use personal checks instead of cash
- Use debit cards for purchases

Things to Consider Before Opening a Checking Account

- Does it require a minimum balance?
- Does it offer free digital banking?*
- Does it offer free bill pay?
- Are you able to get ATM fee rebates?
- Does it earn dividends?
- Does it have low or no fees?

All About Savings Accounts

Savings Account Features

- Earns dividends
- Helps establish an emergency fund
- Allows options for savings investments

Short-Term Savings Options

Certificate

- Generally earns higher dividends than a regular savings account
- Must be open for a set period of time (3 months to 7 years)
- Requires a minimum deposit to open
- Can be rolled over into another certificate term once it reaches its “maturity date”

Money Market Savings Account (MMSA)

- Helps savings grow with dividends once you pass a minimum balance
- Allows you to easily access your money
- Protected by federal insurance for up to \$250,000 per account
- Automatically deposit funds for streamlined savings

Long-Term/Retirement Savings Options

Individual Retirement Arrangement (IRA)

- No minimum deposit to open
- No withdrawal until age 59½

Choose from 3 types:

Traditional—a tax-deferred retirement plan allows you to avoid paying taxes on contributions and earnings until you withdraw

Roth—your contributions are taxed up-front, but withdrawals are tax-free in retirement

Simplified Employee Pension (SEP)—allows self-employed individuals and businesses to contribute to retirement plans for themselves and their employees



WE HAVE THE TOOLS YOU WANT

We understand that it's important for you to be able to manage your money easily, when it's convenient for you. That's why we provide a variety of tools—to give you the flexibility to do your banking anytime, anywhere.

Debit Cards. Securely pay online, in person and over the phone. You can also use your card to withdraw cash at an ATM or from participating merchants' registers. Plus, Navy Federal's Zero Liability policy protects you against confirmed unauthorized purchases.

Digital Banking.* Check your balance, send a friend money, order a ride or track expenses—you can do it all quickly and simply, right from your mobile device.

Mobile Deposits.* Deposit personal and business checks safely and securely from anywhere you have access to a mobile device or scanner.

Direct Deposit. Reduce the risk of ID theft or mail fraud by directly depositing funds to your account. It can also make saving money easier. You'll need your account number(s) and the financial institution's routing/transit number (Navy Federal's is 2560-7497-4).

Bill Pay. Reduce the risk of identity theft and avoid late payments. You can easily set up Bill Pay through digital banking.*



WE'RE YOUR PARTNER IN SECURITY

Protecting your personal information and accounts is a top priority for us.

We Defend Your Accounts and Identity

Account Monitoring. Our dedicated staff monitors accounts 24/7 using state-of-the-art fraud prevention systems. If we notice suspicious activity on yours, we'll notify you.

Safe Communications. We follow strict guidelines when mailing out cards and statements and verify your identity whenever you call us.

Security Information. We provide information on mobile and online security and on scams like phishing and card cracking, so you can protect yourself against fraudsters.

Zero Liability Policy. In the event you do become a fraud victim, our Zero Liability policy protects you against confirmed unauthorized purchases.

What You Can Do

There are a number of things you can do to defend yourself.

- Change your sign in from your Navy Federal Access Number to a username
- Create unique usernames and passwords that you don't use elsewhere
- Add a private code word to your account that only you know



- Set up 2-Step Verification
- Set credit and debit card usage notifications
- Let us know when you plan to travel
- Freeze your credit or debit card if misplaced or stolen

Visit navyfederal.org/security to learn more.

What to Do If You Become a Victim of Identity Theft

If you become a victim of fraud or identity theft or your card is permanently lost or stolen, call us immediately on our 24-hour line at 1-888-842-6328. Our Fraud and Identity Restoration Service team will work with you to help restore your information and prevent any further damage, free of charge. You can also dispute fraudulent/suspect transactions on your statements.

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