June 2023

Member Insights

MERCK EMPLOYEES
FEDERAL CREDIT UNION

From the desk of the President/CEO:

Younger Members Can Take Some Simple Steps to Improve Financial Future



In last month's newsletter we featured our six annual scholarship winners who are enthusiastically moving on to their next phase of higher learning. During this exciting season of graduations, young students are very focused on their education journey, but this is also a good time for students to think about their financial journey.

Despite a lot of good faith efforts nationally and locally, financial education is still not a core course in most school systems, yet it is one of the most important parts of a young adult's life. When they begin working and earning money, early missteps can reverberate for years. Here at the credit union we encourage our parent members who have children heading off to college, a trade school or directly into the workforce, to ensure that they are set up for the basics of financial independence. Parents should view the credit union as a tool to assist their children in starting a good financial foundation. You can have confidence knowing that at the credit union we are not driven by fees and high interest rates. We are a sound financial provider that encourages safe and sound financial habits and use of credit. Here are some things high school graduates should begin thinking about:

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Understanding Social Engineering

Financial crime threats evolve daily. One fraud technique becoming even more prevalent is social engineering, which leverages the power of persuasive conversation as a fraudster deceives individuals into performing compromising actions or sharing confidential information.

Security is on the Line

In many cases, fraudsters use psychological techniques to manipulate their targets. The perpetrator may misrepresent their identity – often impersonating an authority figure – to establish trust with the unsuspecting individual. In many cases, this deception starts with a phone call.

"You can't see a badge over the phone." In other words, do not trust someone's stated identity without proper verification. Social engineers routinely claim to be members of the IRS or FBI, or representatives of the victim's employer or bank. Fraudsters even masquerade as credit union members to manipulate employees into bypassing authorization controls.

Unfortunately, a common refrain among fraud victims is, "My phone's caller ID said it was from my bank." Bad actors often program caller ID systems to display the name of a recognizable individual or organization. This spoofing tactic increases the odds that a target will accept the call and trust the fraudster.

Persuasion Spans Platforms

The tried-and-true telephone remains a powerful tool for criminals who want to feign identities, steal sensitive information and loot bank accounts. However, social engineers take advantage of additional attack vectors enabled by new technologies. With the proliferation of internet-based tools in our personal and professional lives, fraudsters now target victims across various channels. Social engineering extends to social media and professional networking websites – exploiting users' willingness to connect with unknown individuals.

Through fake profiles, criminals attempt to connect and ingratiate themselves with targets who are eager to network. These fraudsters establish rapport and extract valuable personal or employer information from their unknowing victims.

A Persistent Threat

Across communications mediums, criminals employ social engineering tactics in tandem with other types of fraud, including hacking, phishing, malware and spoofing. Virtually everyone has received these fraudulent calls, texts, emails and social media

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Featured Loan & Deposit Rates

Auto Loans as low as 5.10% APR*	**E-Checking 0.125% APR***	**Credit Cards as low as 13.00% APR***	**Share Cert. 6 months 3.85% APR***
Savings 1.25% APR*	**IRAs 1.80% APR***	**Home Equity as low as 7.50% APR***	**IRA Cert. 6 months 3.85% APR***

**Annual percentage rate. Visit www.merckcu.com or visit a branch for more information.*

(Continued from Younger Members...)

- **Building Credit.** Up until this point, most high school seniors are relying on their parents for most things. Those students who do earn money with part-time work are typically using it for everyday expenses, but once out of college, trade school or any other on-the-job training, they will most certainly need credit for a car, house or travel. This is a perfect time to start building credit and opening a secure credit card is the safest way to do it. These cards can be opened with a low credit limit, say $500, to ensure the student doesn't see it as a tool to just spend money on unneeded things, but as a tool to purchase things they need. The card is secured by money on deposit at the credit union, thus the student can never extend beyond that amount and won't run the risk of going beyond their means. The good news is while doing this they are building their credit history and each year the card is open and in good standing it adds to their credit history. Of course, maintaining an excellent payment history is always key, but the secured aspect of the card is a much safer way to begin the credit journey. Upon graduation, they will have established credit, putting them in a better position to borrow for a car or home. It's important for young people to realize that the rates they will get on loans in their lifetime is based on their credit history - building solid credit early in life can save them a lot of money over their lifetime. A secure Visa credit card that is accepted anywhere Visa is accepted is also a good safety net should your student run into an unexpected expense at college like a car repair, etc.
- **Some Parental Oversight.** Young students may not always get it right on their financial journey, so many parents want to ensure some oversight in their early years. There is certainly nothing wrong with that. We encourage parents to have their college bound student open their own credit union account so they can have their own savings and checking account. The checking account can include a Visa debit card giving the student the ability to make purchases anywhere Visa is accepted. The account can be set up so parents have access to view their child's account as well as make transfers if they need to get money to their student quickly and easily. Setting up this type of account structure is especially helpful for those students who will be far from home. Of course, down the line, parental access can be eliminated. Always remember, membership at Merck Employees FCU has true value and inherent financial values comes with that, so parents should not neglect getting their children established with the credit union.
- **Learn the Basics.** By a young person just having a credit union account or a Visa secure card, they are going to benefit by learning how to manage these tools and thus their financial lives. Here at the credit union we are disappointed when we find members who are so confused on how to handle certain things with their membership. They are unclear how to order checks, how to log into online banking, how to set up a bill pay, how to do a mobile deposit, etc. We take that seriously and the onus is on us to better educate our members on how to utilize their membership. By getting young students started early, they will have the basics to manage their financial lives and take full advantage of their membership. Financial independence starts with knowing how to operate the equipment,
- **Save as Soon as Possible.** It's an old story, but still so vital. The person who starts saving a little bit of money each month at an early age will almost always have more money than the person who saves a lot of money each month at a much later age. Time is the ultimate compounder and ultimate tool in creating long-term wealth. Now is the time to ensure your departing college student learns that most basic of financial lessons, so when they do start earning they don't lose that opportunity that only time provides. The credit union can certainly be utilized to automate savings and what a gift that is as time goes on.

These are just a few tips to get your young student off and running in their financial journey.

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MERCK EMPLOYEES FEDERAL CREDIT UNION
Your Prescription to Financial Health

Member Services: 732-594-3317
Loan Department: 732-594-3018
Debit Card Lost/Stolen: 800-554-8969
Credit Card Lost/Stolen: 800-237-6211

Established in 1936, Merck EFCU is federally-chartered and federally insured by the National Credit Union Administration.

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(Continued on Understanding Social...)

messages. Even if a small portion of targets fall for the social engineer's tactics, the stolen information generates significant profits. The fraudster benefits from this cycle, while the impacted individuals face devastating consequences.

Awareness is key to blocking social engineering attempts and defending confidential information and account access. Be on alert for anything that seems suspicious or out of the ordinary. Contact law enforcement if you are a victim and be sure to monitor your accounts regularly.

You can learn more about consumer topics and file a fraud report online or by calling 1-877-FTC-HELP (382-4357).