

# Wye Financial Partners

Planning Your Financial Future



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Wye Financial Partners, a division of Shore United Bank, offers comprehensive financial strategies and exceptional service tailored to meet the individual and business needs of our clients. **For helpful videos and information, visit us at [www.WyeFinancialPartners.com](http://www.WyeFinancialPartners.com)**. We are built around the character of our people and committed to the success of our clients and our communities. Our team of experienced professionals is dedicated to helping our clients navigate toward their financial goals.

## Almost Nine Out of Ten Women Qualify for Social Security on Their Own

Because of a long-term rise in the employment rate for women of all ages, the percentage of women ages 62 to 64 who are fully insured for Social Security retirement benefits based on their own work records has increased significantly since 1980.



To qualify for Social Security benefits, people must work in jobs where they pay Social Security taxes and earn Social Security credits (one per quarter, up to four per year). Most people need 40 credits (the equivalent of 10 years of work) to become fully insured for Social Security retirement benefits.

Source: Social Security Administration, 2020

# Four Things to Consider Before Refinancing Your Home

Mortgage refinancing applications surged in the second week of March 2020, jumping by 79% — the largest weekly increase since November 2008. As a result, the Mortgage Bankers Association nearly doubled its 2020 refinance originations forecast to \$1.2 trillion, the strongest refinance volume since 2012.<sup>1</sup>

Low mortgage interest rates have prompted many homeowners to think about refinancing, but there's a lot to consider before filling out a loan application.

## 1. What is your goal?

Determine why you want to refinance. Is it primarily to reduce your monthly payments? Do you want to shorten your loan term to save interest and possibly pay off your mortgage earlier? Are you interested in refinancing from one type of mortgage to another (e.g., from an adjustable-rate mortgage to a fixed-rate mortgage)? Answering these questions will help you determine whether refinancing makes sense and which type of loan might best suit your needs.

## 2. When should you refinance?

A general guideline is not to refinance unless interest rates are at least 2% lower than the rate on your current mortgage. However, even a 1% to 1.5% differential may be worthwhile to some homeowners.

To determine this, you should factor in the length of time you plan to stay in your current home, the costs associated with a new loan, and the amount of equity you have in your home. Calculate your break-even point (when you'll begin to save money after paying fees for closing costs). Ideally, you should be able to recover your refinancing costs within one year or less.

While refinancing a 30-year mortgage may reduce your monthly payments, it will start a new 30-year period and may increase the total amount you must pay off (factoring in what you have paid on your current loan). On the other hand, refinancing from a 30-year to 15-year loan may increase monthly payments but can greatly reduce the amount you pay over the life of the loan.

## 3. What are the costs?

Refinancing can often save you money over the life of your mortgage loan, but this savings can come at a price. Generally, you'll need to pay up-front fees. Typical costs include the application fee, appraisal fee, credit report fee, attorney/legal fees, loan origination fee, survey costs, taxes, title search, and title insurance. Some loans may have a prepayment penalty if you pay off your loan early.

## 4. What are the steps in the process?

Start by checking your credit score and history. Just as you needed to get approval for your original home loan, you'll need to qualify for a refinance. A higher credit score may lead to a better refinance rate.

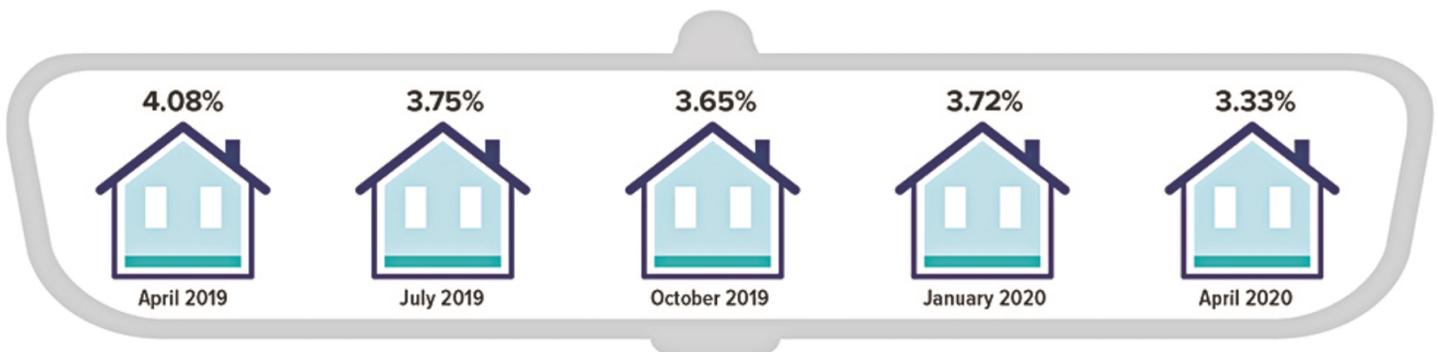
Next, shop around. Compare interest rates, loan terms, and refinancing costs offered by multiple lenders to make sure you're getting the best deal. Once you've chosen a lender, you will submit financial documents (such as tax returns, bank statements, and proof of homeowners insurance) and fill out an application. You may also be asked for additional documentation or a home appraisal.

1) Mortgage Bankers Association, March 11, 2020

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## Rear-View Look at Mortgage Rates

In a single year, the average rate for a 30-year mortgage fell by 0.75%. Low mortgage interest rates often prompt homeowners to refinance.



Source: Freddie Mac, 2020 (data as of first week of April 2020)

# The Changing College Landscape

The 2020-2021 academic year is right around the corner, and the coronavirus pandemic has upended the college world, like everything else. Not only has COVID-19 impacted short-term college operations and student summer plans, but the virus could end up being the catalyst that changes the model of higher education in the long term. Here are some things to know about the changing college landscape.

**College funds.** Market volatility has been at record high levels this year, and college nest eggs may have taken a hit. Parents who have lost their jobs or otherwise suffered significant economic hardship due to COVID-19 might reach out to their child's college financial aid office to inquire about the possibility of a revised aid package, if not for fall then for spring.

Parents of younger children may want to review their risk tolerance and time horizon for each child's college fund. Parents who are using a 529 plan to save may have experienced one of the drawbacks of these plans in 2020: the restriction that allows only two investment changes per year on existing 529 account balances. This limitation can make it more difficult to respond to changing market conditions.

**Student loan payment pause.** The Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted in March 2020 created a six-month automatic suspension of student loan payments for millions of federal student loan borrowers, along with a six-month interest freeze. The six-month period ends on September 30, 2020. Borrowers who anticipate having trouble restarting their monthly payments in October can contact their loan servicer to inquire about eligibility for an [income-driven repayment](#) plan.

**Potential refund for spring room and board.** Colleges were one of the first sectors to act in the early days of the coronavirus outbreak, asking students to extend their spring breaks in March and then directing them to stay home for the rest of the semester and finish classes online. Many colleges offered partial refunds for room-and-board costs for March, April, and May, but only for students living in dorms and on a college meal plan, not for off-campus students. If you think your son or daughter may have been entitled to a refund and didn't get one, contact the college to inquire.

**Updated health guidelines for fall.** Students heading back to college will likely find updated guidelines on social distancing and best practices for health and wellness, with potential restrictions on almost every facet of college life, including living in dorms, attending classes, eating in dining halls, and participating in student activities. Some programs may be limited or unavailable, such as studying abroad. Make sure your child has up-to-date health insurance and knows how to contact the campus infirmary if the need arises.

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## Interest Rates on Federal Student Loans

Interest rates on federal student loans have decreased to record lows for the 2020-2021 academic year. The new rates apply to federal Direct and PLUS Loans disbursed July 1, 2020, through June 30, 2021.

	2020–2021	2019–2020
<b>Direct Loans:</b> Undergraduates	2.75%	4.53%
<b>Direct Loans:</b> Graduate Students	4.30%	6.08%
<b>PLUS Loans:</b> Parents and Graduate Students	5.30%	7.08%

Source: U.S. Department of Education, Office of Federal Student Aid, 2020

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**Expanded online learning.** Many colleges were already offering online classes before the coronavirus outbreak, but the pandemic shined a spotlight on this critical capability. Look for colleges to ramp up their online course offerings and make them more widely available to all students, not only during times of crisis but as part of a typical semester's course offerings. Some colleges might even require their fall semesters to be entirely online. Students will need to continually embrace new technology related to remote learning.

**College selection.** The coronavirus may have a long-term impact on how students choose colleges going forward. Cost is likely to play an even greater role, as many families may have less income and savings to put toward college expenses. This is likely to sharpen the focus on a college's net price. Location may also play an outsized role. Will students choose colleges closer to home for logistical and personal reasons? If so, look for state flagship schools to become even more popular, which will in turn increase their competitiveness.

*All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.*

# Going Mobile

After a slow start, mobile payment usage is growing in the United States. In 2019, an estimated 64 million Americans (about 29% of smartphone users) made a point-of-sale proximity payment with their mobile phones at least once in the previous six months. Mobile peer-to-peer applications, which allow transactions between individuals, have been even more widely adopted, with 69.2 million users in 2019.<sup>1</sup>

Younger people have been the fastest to adopt these new technologies, but mobile payment apps offer features that could be helpful for consumers of any age.

## Proximity Payments

A proximity payment involves using your mobile phone to pay at a point-of-sale terminal, typically by scanning a barcode generated on your phone or tapping the phone on the terminal (or holding it close) using near-field communication technology. This allows you to use a mobile phone instead of a credit card or debit card. The mobile payment application is connected to your bank account, a credit card, or a balance within the app.

Proximity payments were originally dominated by proprietary applications controlled by mobile phone manufacturers, but apps offered by specific merchants are now competing with the more general apps. Banks and credit-card companies are also entering the sector as they face competition from new technologies.

## Peer-to-Peer Payments

Whereas proximity payments perform a similar function to a credit card or debit card, peer-to-peer payments can replace cash or a personal check.

For example, one member of a group might pay the bill at a restaurant or one roommate might pay the rent, and others can transfer their shares of the payment to the payer through a peer-to-peer application. Such applications are also useful for transferring funds to college students. The payment app is typically connected to the bank accounts of both parties.

## Security Concerns

More than half of consumers across all age groups express concerns about the security of personal information when using mobile payment technology.<sup>2</sup> With proper precautions, however, paying with your phone could be more secure than paying with plastic.

Most mobile payment apps generate random numbers or tokens, so the merchant does not receive your underlying financial information. (Linking to a credit card offers greater protection from fraud than a debit card or bank account.) Strong passwords and fingerprint access or facial recognition on mobile phones add another layer of protection. However, it's important to be vigilant against phishing or malware attacks, just as you would with your computer.

1–2) eMarketer, 2019

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