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The Value of a Business Succession Plan
RBFCU Wealth Management, The Garner Davis Group

Should You Replace Your Gas Stove?
RBFCU Insurance Agency

What Not to Do During the Mortgage Process
Domain Mortgage

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A Conversation with Bryan M. Grove II
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From Saving to Spending: Make the Retirement Shift

Learn how to tap into your nest egg more wisely.

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Greetings...

As we dive into summer fun, it's good to know what you can do to protect your financial and personal well-being while you enjoy those sunny days.

That's why our latest issue provides ways to help shift your mindset to thoughtful retirement spending while also examining why a succession plan can prove critical for business owners. Considering share certificates or certificates of deposit (CDs) as investment options? We're exploring that topic, too, plus sharing what not to do as you apply for a mortgage and what to keep in mind about gas kitchen stoves. Finally, we're pleased to introduce our newest RBFCU Investments Group financial advisor, Bryan Grove.

As always, trust that my fellow RBFCU staff members and I are committed to providing the financial information and service you seek, come rain or shine. Thank you for the honor of serving you.

Yours truly,

Edward Bronnenberg

Edward Bronnenberg
SVP — CUSO Operations
RBFCU & RBFCU Services LLC

The Value of a Business Succession Plan

Discover how critical one can be for your long-term strategy.

Are you a business owner or leader integral to your company's success? If so, succession planning may not only help your business thrive when you're ready to retire but also potentially strengthen your employees' skills and knowledge sets. And that could be a win-win for everyone—including your company's future leadership.

Let's take a closer look at how a business succession plan can help foster growth, smooth a path for future leaders and give you greater peace of mind as your retirement approaches.

Create a forward-looking company culture

It can be easy to focus on immediate concerns and put off thinking about the future. But that short-term focus can erode your company's ability to grow. Creating a succession plan not only forces you to imagine what you want your business to look like in the future, but also it helps your top employees think about what might be on the horizon for them. Those mental shifts can help your company adapt, innovate and thrive.

Prepare for the unexpected

A succession plan can also help your business manage unplanned disruptions. If you get sick or must take time away from running the business, having people ready to fill in for you may help keep your business afloat — and may reduce stress while you're out, too. Business continuity planning ensures that key people have access to relevant resources (e.g., business systems, account data, financial accounts) as well as any relevant third-party professionals, such as accountants or attorneys.

Cultivate your talent—and fill training gaps

Succession planning can also help keep things running smoothly if a vital employee leaves the company or is temporarily unable to work. Identifying people who could step into key roles opens the door to building their skills and nurturing vital relationships with customers and other stakeholders.

While developing a plan, you may decide to assess necessary training. In the near run, more skilled staff can help your business deliver a more consistent customer experience. In turn, this can build customer loyalty and brand reputation.

Preserve and share institutional knowledge

Consider strengthening your business over the long term by saving and sharing the institutional knowledge that individual leaders, managers and employees have acquired. Capturing and sharing insights learned on the job, in your specific workplace culture, can be game-changing.

For example, you may have a longtime maintenance or line worker who knows when a specific piece of machinery needs service simply by a peculiar sound it makes. Losing that information when the employee leaves or retires can result in unplanned downtime and higher maintenance costs. Succession planning can help prevent knowledge loss.

Create a framework for the company's future

Think carefully about what you want to happen to your company when you're ready to leave. Do you want to sell or lease all or part of it? Do you want to pass ownership on to your employees or children? Accountants and lawyers can help you explore how to structure and finalize the transfer or sale optimally and in tax-savvy ways.

Get support for your succession planning goals

By working with trusted professionals, you'll be better prepared to identify and implement the right succession plan for your business. With a plan in place, your business may continue to benefit your family, employees and community — even after your retirement. And that has the potential to provide you with deeper satisfaction about your life's work.

Wondering how to juggle your financial goals alongside your professional responsibilities?

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Wes Garner, CRPC®, APMA®

Bethany Davis, APMA®

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From Saving to Spending: Make the Retirement Shift

Develop a mindset — and a strategy — to spend more wisely in retirement.

You built your retirement nest egg over time. Now that retirement is approaching, it's time to crack that egg. But after years of saving and putting funds aside, it can feel strange to think about spending those hard-earned dollars in your retirement fund. For some of us, this mental adjustment can prove difficult, especially if market volatility and inflation are concerns.

Of course, retirement spending isn't just about shelling out money. It's about paying yourself back for years of hard work — and managing your funds in ways that open you up to new opportunities. Let's look at how you might make the shift and, hopefully, get more out of your retirement.

Decide which assets to draw down—and in what order

Having a game plan for which retirement funds you will use — and when — can be key. Will you receive a monthly annuity from a pension plan? If so, that fixed income can be the primary source of your income, perhaps allowing you to leave some investment accounts untouched in the near run.

When developing a spending plan, consider all retirement fund sources (e.g., pension plans, 401(k)s, savings accounts, Social Security Retirement or disability benefits and/or investments). Assessing them can provide an accurate look at what you have available. You'll also want to know the tax implications of any distributions you take from 401(k)s.

Develop a monthly budget

It's much easier to release those hard-earned dollars if you know where they are going. Creating a monthly budget can provide much-needed perspective — not to mention the ability to prioritize and better track your spending.

Identify necessities first — housing, utilities, medical expenses, insurance premiums — and work to cover those expenses with your guaranteed income. Look closely at what additional spending is within your control. By monitoring your money, you may notice if costs are going up due to inflation or other forces or if you're simply spending more than you planned. With those insights, you can make any necessary adjustments.

Consider health care carefully

Even if you're in peak condition when you enter retirement, your health care spending can increase as you grow older. Is health care part of your retirement package from your employer? Do you need private insurance or will you rely upon Medicare? Factoring in retirement health care costs is important as they will remain an expense throughout your golden years.

Another reason to consider health care costs? Without sufficient coverage, they carry the potential to eat into any additional savings that you might have planned to transfer to future generations. Investing in long-term care insurance and planning your estate carefully, however, may help protect your assets. Even with modest means, you might want to talk with an estate planning professional about how trusts and beneficiary designations on existing accounts may be useful.

Reduce living expenses and eliminate unnecessary spending

For most of us, our regular income is reduced when we retire. This might prompt some soul-searching questions, including:

- Is it time to downsize your house?
- Might one automobile be sufficient?
- Is it time to "cut the cord" and eliminate cable, satellite or streaming services?
- What work-related expenses (e.g., dry cleaning, gas) will go away now that you're no longer working or commuting?

Decide if post-retirement work is in your future

Finally, it's worth noting that retirement can be a chance to try a new career — or to keep doing what you love on a part-time basis. Many retirees work to try new things or to alleviate boredom. Others, of course, work simply out of financial necessity. With longer lifespans than their grandparents, today's seniors may find that working during retirement is useful.

According to the U.S. Bureau of Labor Statistics, in 2021, roughly 25% of adults ages 65 to 74 were still active in the workforce, with the number expected to grow to 30% by 2031.[1] Even those 75 and older are earning paychecks: 8% were working in 2021. That number is also expected to increase, hitting 11% by 2031.

Financial planning and budgeting — as well as your desire or need for additional income — are all factors that can influence your decision to continue working during retirement. Since there's really no right or wrong way to live out your retirement years, the choice is yours.

Ready to review your plans and budget to determine how to use (or supplement) your retirement nest egg?
Consider talking it over with a financial advisor, if only for a second opinion.
RBFCU Investments Group is here to help you develop and refine your retirement strategy.

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Sources:
[1]"Employment Projections." Bls.gov, https://www.bls.gov/emp/tables/civilian-labor-force-participation-rate.htm.

Should You Replace Your Gas Stove?

Here's a look at the pros and cons of cooking with gas.

For some of us, a top-of-the-line gas stove may be a necessary indulgence. Others love the nostalgia of cooking on a stove like the ones they grew up with. Yet research suggests gas stove emissions may affect indoor air quality — and they may not be as efficient as electric stoves. If you have a gas stove, what should you consider as you weigh your cooking options?

THE PROS OF COOKING WITH GAS

Precision cooking: Gas stoves heat faster than electric, and the flame is adjustable, making it more precise. You can also cook directly over the flame — think heating tortillas or roasting vegetables — a feature many cooks love.

Costs: While electric stoves are generally less expensive to purchase, they require the installation of a 240-volt outlet — and you may need to modify your home's electric panel to accommodate the change. Gas stoves are fueled by propane or natural gas, which are generally cheaper than electricity.

Resale value of your home: A gas stove may add value to your kitchen appeal. According to a National Association of Home Builders survey, consumers generally prefer gas for cooking.

THE CONS OF A GAS STOVE

Less efficient cooking: Electric stoves are more energy efficient[1] than gas. There's also a wide variety of options available — like induction stoves, touted for their cooking speed and precision, making them a new kitchen favorite.

Health concerns: The possibility of carbon monoxide poisoning is always a concern when gas is involved. And like automobile combustion engines, burning gas releases chemicals called nitrogen oxides that can trigger respiratory problems. This can be a problem indoors — especially if the stove is not vented outside your home. Health effects could include the worsening of asthma and increased respiratory issues.

Rebates: While switching from gas to electric incurs an expense, rebate programs may help lessen the burden. The High-Efficiency Electric Home Rebate Program[2] will offer rebates through 2031, with each state determining how to deliver the rebates. *(Note: Texas has not yet announced how it is implementing the program.)*

BOTTOM LINE

If you have someone in your home who may be vulnerable to respiratory issues, you might want to consider making the switch. Otherwise, ensure your kitchen is properly vented. Install a good exhaust fan, and consider opening windows while cooking. A working carbon monoxide alarm is also wise.

Ready to replace your gas stove? Determine your eligibility for rebates — either from the state, your utility company, stores or appliance manufacturers.

No matter what you choose, make sure you know how your decision impacts your home insurance. Be sure you have the right policy in place to help protect you and your family.

Sources:
[1]"Gas and Electric Ovens, Stoves, and Ranges." Energy.gov, https://www.energy.gov/energysaver/gas-and-electric-ovens-stoves-and-ranges.
[2]"Home Energy Rebate Program." Energy.gov, https://www.energy.gov/scep/home-energy-rebate-program.

What **Not** to Do During the Mortgage Process

Kim Boring, Domain Mortgage's Assistant Vice President of Originations, offers tips to help keep your mortgage application on track.

The mortgage application process includes a long list of things you should do. But did you know there's also a list of things you shouldn't do? While reviewing your mortgage application, underwriters will look for changes that could impact your ability to repay the loan. Here are seven "don'ts" to help you land your mortgage and move into your new home.

1. Don't change jobs.
Employment records are the best example of your financial security and ability to repay debt — i.e., the mortgage you're applying for. If it's in your control, wait until after you close on your new home to change jobs. If timing and circumstances mean your employer may change during the process, notify your loan officer.

2. Don't switch banks.
Financial institution records are needed for your loan application. Both your current and past asset documentation will be reviewed. A new bank means no transaction history. Make sure your bank statements are stable by maintaining your current accounts.

3. Don't make large deposits or withdrawals.
Any large deposits in your account — especially those from unknown sources — will be flagged on your application. Gifts for your down payment must be processed in a specific way, so if you are accepting a major financial gift, notify your loan officer. Also, large withdrawals mean less cash reserves, so be careful about maintaining your accounts.

4. Don't take on new debt.
You may want to start furnishing your new house before you've even moved in. But underwriters are establishing your ability to pay off your debt, and taking on new debt could change your credit score. You also don't want numerous credit checks to appear on your credit report. Resist any urge to apply for a new credit card or take out an auto loan during the mortgage process.

5. Don't pay off old debt.
As strange as it may sound, paying off an old debt that may be in collection or closing an account while you're applying for a mortgage is not the right move. Any changes to your credit history — even if you think it will improve your credit score — could affect your mortgage application.

6. Don't make late payments.
Like most loans, your mortgage approval hinges on your ability to pay off the significant debt a home purchase represents. Paying your bills on time is critical to that approval. Once a bill is 30 days past due, it will be listed on your credit report.

7. Don't make large purchases.
Your financial transactions, assets and liabilities are key elements of your mortgage application — as is ensuring you have adequate cash reserves and an appropriate debt-to-income ratio. Using a credit card or savings to make a significant purchase while you are applying for a home loan could cause problems with your approval.

And most importantly — don't let the mortgage application process keep you from your dream home.

Are CDs an Appropriate Investment Strategy?

Take a closer look at a popular choice.

As an RBFCU Investments Group financial advisor, Caleb K. Johnson works daily with clients exploring investment management and retirement income strategies. He often receives questions about whether bank **certificates of deposit (CDs)** or credit union **share certificates** remain appropriate investment solutions.

"Historically, these products have been popular with people who have a minimal tolerance for risk, especially since CDs and share certificates typically offer higher interest rates than traditional savings accounts. Plus, they're backed either by the Federal Deposit Insurance Corporation or the National Credit Union Administration, respectively," Caleb said. "For many investors, the backing of the FDIC and NCUA feels reassuring."

Another advantage? CD and share certificate interest compounds daily or monthly, making them easy solutions for the average investor to see progress. There are potential downsides, however. "You can be locked into a lower rate for months or years," Caleb said. "And, if you encounter a true financial emergency and must withdraw your funds, the withdrawal penalties can be steep. Also, CDs may be called prior to maturity when interest rates are declining."

Another option to explore? **Brokered CDs** are available through an existing or new brokerage account with a brokerage firm. An RBFCU Investments Group financial advisor can help you determine if a brokered CD is right for you. Through them, the money is placed into a third-party financial institution's CD with a potentially higher annual percentage yield (APY). One advantage of brokered CDs? If you must withdraw money before maturity, you could sell it on the secondary market and avoid an early withdrawal penalty. Still, there is a risk since brokered CDs may lose value when sold prior to maturity. Partial cancellations are also possible.

Indeed, as with any investment product solution, there are multiple fine points to consider with brokered CDs. For instance, interest does not compound but is calculated using a simple interest calculation and can be paid out monthly, quarterly, semi-annually or at maturity. Yet clients may have more options to select from since brokerages are able to source from multiple issuers.

Because the FDIC and NCUA only insure up to $250,000 per person per bank or credit union, brokered CDs purchased from multiple issuers may provide a potential way to invest more money while keeping your funds insured — provided the issuing bank or credit union is covered. But brokered CDs might come with higher transaction costs. Before maturity, they also may be sold on the secondary market, which could result in a net loss.

A well-rounded financial strategy may include a mix of CDs, share certificates and brokered CDs.

"Many people continue to regard CDs and share certificates as cornerstones of their financial strategies. As such, they can be anchors for someone's financial well-being alongside other solutions such as brokered CDs, market-linked CDs and third-party money market accounts," Caleb said. "Which options are appropriate for someone? It depends upon an investor's goals as well as their risk tolerance level. In the process of exploring their needs and goals together, we may identify other viable strategies. That's what I love about being a financial advisor, helping members and clients chart a course that fits their objectives."

Curious to grow more confident about your investment strategies and solutions?

Let RBFCU Investments Group help.
Visit **rbfcu.org/investmentstrategies** for more details.

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A Conversation with

Bryan M. Grove II

Meet RBFCU Investments Group's newest financial advisor.

When it comes to launching our professional careers, sometimes the seeds are planted early in life.

"I just love the stock market," explains Bryan M. Grove II, CFP®, CFS®, APMA®, the newest financial advisor to join RBFCU Investments Group. "I've been following it since I was 14 years old, thanks to my grandmother. She taught me how to read the newspaper and understand stocks. That was back when you could just go to the store and buy them, believe it or not."

Bryan's interest continued through adolescence and early adulthood.

"I always read money magazines, even through college. Later, I went to the University of North Texas to be a film major, but I couldn't get into a key class because of a long waitlist. And that's when I switched over to international business."

After college, Bryan returned home to the Texas Gulf Coast in order to care for his ailing father. "I made it my priority to be with him. And then I just stayed here. Later, I met my wife, Jennifer, in San Antonio at a training event. She had taken many family trips down to Corpus Christi and liked it. So I was able to persuade her to come down permanently." The couple now has two young children.

Professionally, Bryan initially gravitated toward portfolio management and worked for a while as a trust officer. When an opportunity opened to lead a financial advising program in Corpus Christi, he jumped.

"I've stayed prepared for the opportunities that have appeared in my financial services career by pursuing an MBA in accounting and finance from Texas A&M University — Commerce and taking on multiple extra credentials." He also has Financial Industry Regulatory Authority (FINRA) Series 7, 63 and 65 licenses.

Recently, when the opportunity to join RBFCU Investments Group appeared, Bryan was ready to make another move — to start serving RBFCU members who reside in and around Corpus Christi.

"We've watched RBFCU enter the market down here. There's a branch near our house, and I've received a car loan from RBFCU. I've always thought the branches looked nice, and it's one of the biggest credit unions in the nation — the largest in Texas. I met with the senior investments staff and learned about the relationship with Ameriprise Financial Services, LLC. One thing I appreciate? While the financial services industry is moving away from brick-and-mortar storefronts, RBFCU still places an emphasis on relationships and being approachable. That's important to me."

When it comes to building relationships with his clients, Bryan believes strongly in getting to know them personally before making any suggestions on strategies or solutions.

"I like to learn about their financial behaviors and lifestyle choices. Behaviors can tell me a lot about what matters to clients and where they are on their journeys toward retirement, saving for big-ticket purchases and such.

From there, I can better gauge what approaches might align with who they are as people."

Bryan thinks this approach helps his clients stick to financial habits and long-term goals more easily.

"I also like to surprise people a little by introducing options that they may never have considered," he added. "I've worked with a range of people who have different goals and challenges, and I find it especially rewarding to work with someone over time, helping them address obstacles and opportunities that crop up and later look back, feeling that they've made the best choices for themselves along the way. For me, that's gratifying to see."

Bryan M. Grove II, CFP®, CFS®, APMA®
Financial Advisor

Are you looking to begin a professional relationship with a financial advisor?
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Our Favorite Texas Beaches

Add some sand and surf to your summer plans.

It's impossible to picture summer without beach fun coming to mind. Lucky for us, Texas boasts a diverse and stunning coastline with beaches to suit everyone from castle-builders to surfers. Pack your sunscreen and flip-flops and embark on a coastal adventure this summer.

- One of the most renowned Texas beaches is **South Padre Island**, a barrier island with 34 miles of breathtaking sandy shores. Soak in relaxation and adventure with opportunities for sunbathing, water sports, vibrant nightlife and nearby nature trails.
- For a more tranquil escape, **Mustang Island** offers an unspoiled stretch of coastline. Don't be surprised by feathered friends flying overhead! Mustang Island State Park is a haven for birdwatchers, as the island is on the migratory route for numerous species. And don't miss dolphins frolicking at Roberts Point Park in **Port Aransas**.
- **Padre Island National Seashore** — the longest undeveloped barrier island in the world — provides a unique and immersive beach experience. Nature takes center stage here, with miles of pristine beaches where visitors can spot sea turtles, migratory birds and other wildlife.
- A famous port, **Galveston Island** offers a rich history with Victorian architecture and attractions like the notable Pleasure Pier. Nearby, on Follet's Island, is **Surfside Beach**, offering deep water for surfing, kayaking and jet skiing.
- **Crystal Beach**, located on the Bolivar Peninsula, offers a more laid-back atmosphere. Accessible by ferry from Galveston, it's a favorite among locals for its relaxed vibe and the opportunity to drive along the sandy shores.
- If you want to add some rocket power to your beach experience, **Boca Chica** offers eight miles of sand, surf and rocket launches thanks to the nearby SpaceX testing site. Plan ahead — the beach is closed during launches.
- Finally, historic **Rockport Beach** is the state's first Blue Wave Beach, meeting special criteria that reflect the community's commitment to living in harmony with nature.

Ready to move a little closer to your favorite Texas beach?

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