



United Community Credit Union

# Members' Quarterly

[www.unitedccu.org](http://www.unitedccu.org)

VOL. 5, NUMBER 3 • 560 South Barre Road • PO Box 550 • South Barre, VT 05670 • Tel: 802-479-2836/FAX: 802-476-1063/Tele-Teller-24: 802-476-1062 • FALL 2002

## PUT YOUR HOME EQUITY TO WORK

If you're a homeowner, you work hard to pay for your home. Maybe it's time to put your home to work for you—with a home equity loan or line of credit from United Community Credit Union.

With a home equity loan or credit line, the equity you've built serves as collateral. Equity is the difference between your house's market value and the amount outstanding on your mortgage. So, if market value is \$150,000 and the mortgage balance is \$100,000, your equity would be \$50,000. UCCU offers programs that allow you to borrow a percentage of your equity and sometimes, all of your equity.

You can use a home equity loan or credit line to borrow for home improvements, college tuition, a new vehicle, a vacation, medical bills, a family wedding, starting a home-based business, and any number of other major expenditures.

Borrowing with a home equity loan or credit line offers two key benefits:

- \* The interest rate will be lower—usually much lower—than what you'd pay on a credit card or personal loan. We can offer you a lower rate because your house secures the loan or credit line.
- \* The interest you pay on a home equity loan usually is tax deductible, which further reduces the cost of borrowing. Consult your tax adviser to find out what deductions you can take.

When borrowing on home equity, you have two credit forms to choose from. A home equity loan is a lump sum you borrow at a fixed interest rate. You'll pay back the loan over terms of up to 15 years. Because it's a fixed-rate loan, your monthly payments stay constant throughout the loan term. Current rates are 6.00% up to 5 years; 7.25% up to 10 years; and 8.50% up to 15 years.

A home equity credit line is an open credit line you can draw on as needed, up to a preset limit. A home equity line of credit carries a variable interest rate tied to the Wall St. Prime. As you pay off past borrowings, you replenish the credit line up to your dollar limit. You can tap a home equity line of credit again and again, without having to reapply for a loan each time you borrow. Current rates start at 4.25%.

Call Lorie (X106) or Stephanie (X105) for help deciding which form of home equity borrowing is best for you. The answer usually depends on how you plan to use the funds. You can apply online at [www.unitedccu.org](http://www.unitedccu.org).



### Christmas Clubs Paid October 1<sup>st</sup>

On September 30, UCCU paid dividends on all Christmas Clubs. Clubs were disbursed into your Regular Share Account on October 1<sup>st</sup>. If you would like a check mailed to you, please let us know and we will be happy to forward it to you.

If you had a Christmas Club this year, you need do nothing to continue forward with a club for next year. Week one for the 2003 Christmas Clubs begins October 14. You can open a new Christmas Club anytime between now and December 31. The dividend rate for next year has been set at 1.00%.

Remember you can have your direct deposit make your club payments for you. Just let us know and we'll set it up for you.

### Pay Your VISA Card Payment Online

Recently we've had members ask if they can pay their UCCU VISA Card payment electronically. The answer is YES! First, go to our website at [www.unitedccu.org](http://www.unitedccu.org). Then go to the "loans" page and scroll to the bottom of the page. There you will see a link to your VISA Card information where you can also sign up to make your payments electronically.

In addition to making your payments you can review your current and historical statement information and even download the data into a financial software package such as Quicken or Microsoft Money.

Be aware that you are always welcome to make your payments directly to our office as well. Please include your payment stub along with your check to ensure proper posting.

## Are You A Winner?

If your account number appears below, let us know, and we'll credit your share account \$10.

**#645    #4709    #6746**  
**#8632    #10233    #11496**

## Office Closings

October 14	Columbus Day
November 11	Veterans' Day
November 27	Closing at 3:00
November 28	Thanksgiving Day
December 24	Closing at 12:00
December 25	Christmas Day
December 31	Closing at 12:00
January 1	New Year's Day



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United Community Credit Union

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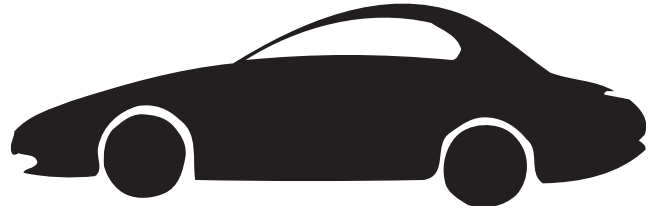
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# WE HAVE BETTER AUTO LOAN OPTIONS

If you're in the market for a new car, you'll find several financing options. It's nice to have choices, but they can be confusing or downright expensive. In the end, you may be better off with conventional auto financing from United Community Credit Union.

These days, more and more dealers are offering low-rate loans or cash-back rebates. Most low rates dealers advertise are for short-term loans. For example, one dealer offers 1.9% financing, but only on two-year loans. A new \$20,000 car with a \$2,000 down payment will require \$18,000 financing. That translates to an astounding \$765 monthly payment—way out of reach for most buyers.



Or, if you choose the dealer's rebate plan, you forego the low interest rate loan but get a \$1,500 cash rebate. Adding the rebate to your down payment can make United Community Credit Union financing very attractive, because the larger down payment reduces the amount you need to finance. Which alternative is best?

Calculate your total finance charge and monthly payment after you deduct your down payment plus the rebate. Then compare your results with the same figures if you take the dealer financing but finance the higher amount. You can figure this for yourself by going to [www.unitedccu.org](http://www.unitedccu.org) and clicking on the "CUNA" link. Go to "Consumer Information" then choose calculators.

Or, if you own your house, a United Community Credit Union home equity loan might look even better. The reason, of course, is that home equity loan interest payments can be 100% tax deductible (consult your tax adviser to see if you're eligible).

To calculate the after-tax loan rate, multiply the home equity loan interest rate by one minus your marginal tax rate. For example, if your combined federal/state marginal tax rate is 33%, and the credit union's home equity loan rate is 4.25%, your after-tax loan rate would be 2.85% (.0425 x (1-.33)). That drops your effective interest rate to below the dealer's 2.90%. And the \$1,500 cash rebate is gravy!

So, don't be smitten by auto dealer low rate advertising—visit or call us first to explore financing options.

## OFFICE HOURS

	<u>Lobby</u>	<u>Drive-up</u>
<b>Monday-Wednesday</b>	8:30-5:00	8:00-5:00
<b>Thursday</b>	9:00-5:00	8:00-5:00
<b>Friday</b>	9:00-5:30	8:00-6:00
<b>Saturday</b>	9:00-12:00	9:00-12:00

## UCCU RATEBOARD (As of September 10, 2002)

### DIVIDEND RATES

	<u>APY</u>
Regular Shares	1.51%
Share Drafts	0.50%
Multi-Purpose Club IRAs	1.51%
IRAs	3.30%
Hi-Yield	
\$500-\$9,999	1.70%
\$10,000-\$49,999	1.85%
\$50,000 and above	2.00%
Term Certificates	
6 Months	2.25%
12 Months	2.50%
18 Months	2.75%
24 Months	3.00%
36 Months	3.50%
48 Months	4.00%
60 Months	4.50%

### LOAN RATES

**Secured:** includes Cars, Trucks, Campers, RVs, Motorcycles, ATVs, Snowmobiles and Boats.

<u>TERM</u>	<u>RATE*</u>
24 Months	4.75%
36 Months	5.00%
48 Months	5.25%
60 Months	5.50%
72 Months	5.75%

Add 1.00% for Payment Shaver Loans  
 Add 1.00% for 1995 to 1998 model years  
 Add 1.50% for 1994 and older model years  
 Add 2.00% for non-titled vehicles  
 Add 2.00% for vehicles over 100,000 miles  
 Add 3.00% for equipment loans  
 Add 0.50% without Auto-Pay

### **Unsecured:**

36 Months	12.00%
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\* Rates are determined by an evaluation of your credit. Your rate may vary from the rate shown

### **Other:**

Variable Home Equity Line-of-Credit (Over 80% LTV)	4.25%
	5.25%
Fixed Home Equity	
60 Months	6.00%
120 Months	7.25%
180 Months	8.50%
Share Secured	3.50%
Hi-Yield Secured	4.50%
VISA Credit Card	11.90%
Overdraft Line-of-Credit	16.90%

**All Rates are subject to change.**

## Rollover IRAs Put You in Control

**W**hen you leave a company, one of the most important decisions you have to make is what to do with your 401(k) account. You have several options—you can leave the account where it is (depending on the amount), roll it into a traditional IRA (individual retirement account) or rollover IRA, roll it into your new employer's plan, or cash it out.

Unless there's a dire emergency; financial experts recommend not cashing out a 401(k) account. However, almost 63% of workers who leave a company do cash out—at a steep price.

When you cash out a 401(k) account you'll have to pay ordinary income tax, plus a 10% penalty, and state and local taxes on your 401(k) distribution. That will leave you with only 40% to 60% of your 401(k) savings, depending on your tax bracket.

By rolling your 401(k) account into a United Community Credit Union IRA, you can take control of your retirement money and invest it the way you want to. A United Community Credit Union IRA is one of the safest and most convenient ways to invest your retirement money.

## NFCC Introduces Online Credit Counseling

**C**onsumers who delay getting financial advice because they're too embarrassed can get help from the National Foundation for Credit Counseling (NFCC). The NFCC, in Silver Spring, Md., offers online credit counseling--financial advice and counseling without meeting a counselor in person.

People with money problems can begin their journey to financial wellness in the comfort and privacy of their homes by completing an online credit

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# 3 MONEY SAVING TIPS



## Reduce Credit Card Debt: Pay Biweekly

The sooner you make a payment to a credit card company, the less interest you'll pay. And you'll save more in interest charges by making a payment days or weeks early. Federal law requires credit card companies to process payments the day they arrive.

If you only can afford to pay the minimum each month, there's still a way to accelerate your payoff. Stop charging on the card—and make payments every other week rather than every month. Never decrease the payment amount until you pay off the card.

For example, take a credit card with a \$5,000 balance, a minimum monthly payment of \$100, and an annual interest rate of 14%. By paying \$100 each month, you would pay the card off in six years and four months, with a total interest cost of around \$2,547.

By sending \$50 payments biweekly, you would pay off the card almost 10 months earlier—and save \$339 in interest. If you're managing to pay the minimum payment, consider the biweekly pay-down method. You need to be organized and financially disciplined for it to work.

## Saving for Auto Repairs: A "Christmas Club" for Your Car

You do it for your larger bills, your vacations, and Christmas—why not for your car? Set aside a fixed sum of money each month for car repairs and maintenance so you can avoid future troubles.

According to the Car Care Council (CCC), nearly eight out of 10 vehicles are found to have one or more problems. In many cases, owners delay repairs—leading to serious car troubles—because of other budget needs. Car problems easily can be fixed by putting aside money each month specifically for repairs.

To start, get a comprehensive inspection by a qualified technician. After the vehicle has been inspected and any necessary repairs made, you should try to save about six cents per mile you typically drive all your vehicles combined, although the amount varies according to vehicle type. For a typical driver, this equals about \$60 per month. According to the CCC, that should cover most mechanical work plus tire replacement.

To avoid scrambling to find the money for a sudden car repair, set aside a fixed amount each month. United Community Credit Union can help you set up your own 'rainy day' car account.

## Having a Hard Time Making Your Car Payment?

Refinance your auto loan with us.

If you financed a car in the past year or two, it's worth taking a look at refinancing. Even by pushing the interest rate on your auto loan down a percentage point or two, the money you save really adds up.

If you took advantage of 0% financing in the fall of 2001 and now can't afford the hefty monthly payment, are paying a higher rate through another lender, or just want the convenience of having your auto loan at the credit union, we can help you.

Stop in or call today to find how refinancing at the credit union can benefit you.

## Changing the Color of Money

The face of money in the U.S. will soon change. The U.S. Treasury announced plans to add subtle background colors to the \$20, \$50, and \$100 bills as early as fall 2003 for the \$20 bill, with the \$50 and \$100 bills to follow about a year later. No decision has been made on color schemes.

The hope is that the colored bills, called the NexGen series, will help deter counterfeiters. Changes will not be made to the \$1 and \$2 bills because they are rarely counterfeited; changes to the \$5 and \$10 bills are being considered.

The Treasury has repeatedly told Congress the importance of changing the larger bills every seven to 10 years. The last changes were made in 1996 when: The presidential portraits were enlarged; a watermark portrait, visible when held up to the light, was inserted; color-shifting ink was added to the number in the right-hand corner; and other subtle changes were made. The changes will remain on the new bills.

Despite the 1996 changes, counterfeiters printed \$47.5 million in "free" money during 2001, mainly by computer.

The Treasury also hopes that adding color to the bills will help consumers differentiate between denominations.

## NFCC

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counseling form. A certified counselor will analyze the information and develop a financial wellness plan to meet their specific needs.

Consumers access the service at [www.debtadvice.org](http://www.debtadvice.org). They answer several financial questions and send their responses to NFCC headquarters over a secure Internet line.