

Zero Percent or Cash Back?

We've all seen television commercials and print ads that advertise the option of choosing between a low (sometimes zero percent) finance rate and cash back on the purchase of a new vehicle. Members often contact the Church of the Brethren Credit Union to ask which option is better for the buyer. Our answer is that cash back is generally better — zero percent financing is never really zero percent. Dealers willing to give buyers thousands of dollars back at the time of purchase are simply building the interest charges into the purchase price of the vehicle. By paying the full price, the buyer is essentially pre-paying the interest charges.

Take the following scenario — The dealer offers zero percent financing or \$2,500 cash back on a vehicle selling for \$15,000. The buyer who takes zero percent financing will pay \$15,000 in total over the life of the loan. That computes to a monthly payment of \$250 for a five-year loan. If the buyer opts to take the cash back and finance the balance at today's going interest rate, they would pay approximately \$14,228 over the term of the loan, or \$237 per month.

Choosing to take the cash back in this case saves the buyer \$772. That kind of savings makes the decision an easy one.

Another way some financing companies make money is by charging the buyer pre-paid finance charges or other service fees on a new loan. Neither of these items is included in their low-advertised interest rate, so it can be more than a little deceiving. Lenders are required to disclose the actual finance rate — including prepaid finance charges — in their Truth in Lending disclosures, so knowledgeable borrowers ask for that information to gain an understanding of the total cost.

The Credit Union's purpose is to serve its members. Contact us if you have questions about how to compare different finance companies' terms.

Church of the Brethren Credit Union will beat competitors' used and new car rates within 1% of our current rates.*



Your rate could be as low as 4.29%

** members must provide documentation showing that they were approved for a competitor's lower rate.*

Credit Union Applications and Forms Available On the Web

Did you know that most of our commonly used forms and applications are available on our website? Please visit www.cobcu.org and click on "forms" to download PDFs of the following —

- Loan Application
- Membership Application
- Subsequent Action Application
- Roth IRA Application
- Traditional IRA Application
- Change of Address Request
- EFT Authorization Agreement (repetitive and one-time debits/credits)
- Funds/Wire Transfer Request Authorization Form
- Share Transaction Slip

CoBCU at Annual Conference 2005

The 2005 Church of the Brethren Annual Conference is fast approaching and the Church of the Brethren Credit Union will have a presence at the Peoria, Ill., event in several ways —

Annual Meeting of Members

Mark your calendars: The Church of the Brethren Credit Union's Annual Meeting of members will be at the 2005 Annual Conference in Peoria, Ill., Saturday, July 2, at 6 p.m. in the Cheminee room of the Hotel Pere Marquette. Every member is encouraged to attend. This meeting follows an optional Credit Union meal event at 5 p.m. We look forward to seeing you there!

Insight Session: Smart steps for dealing with debt

Join Dennis Kingery, director of CoBCU operations, at the Credit Union's Annual Conference Insight Session, Tuesday, July 5, 12:30 p.m., in the Holiday Inn City Centre, Conference Room 3. This session will focus on how to use debt responsibly as well as steps to dealing with the challenges of having excess debt. The Brethren tradition of simplicity versus the world's message of consumerism and its effects on personal finances and family life will also be discussed.



Credit Union Booth

Come visit the Credit Union booth in the Annual Conference Exhibit Hall, located with the Brethren Benefit Trust ministries. We will be open to conduct business and to answer questions. Tell your family and friends that the Credit Union



will make their initial \$25 minimum deposit to join if they open an account and either set up a repetitive share deposit through EFT, open a CD or IRA, or apply for a loan. Participation in the Credit Union means three things — that you will receive competitive rates, friendly service, and will join other Brethren members and employees nationwide in this not-for-profit organization.



Invite your family members to join the Church of the Brethren Credit Union and take advantage of our low loan rates. As a member you are also an owner of the Credit Union and membership is always free!



To learn more about our services, call toll-free at **888-832-1383**.
cobcu@brethren.org ♦ www.cobcu.org

Savings Accounts ♦ CDs ♦ IRAs ♦ Christmas Accounts ♦ Children's Accounts ♦ New Vehicle Loans
Used Vehicle Loans ♦ Boat & Motorcycle Loans ♦ Unsecured Loans ♦ Share Secured Loans