

CreditCheck

NEWSLETTER FROM THE CHURCH OF THE BRETHREN CREDIT UNION

FOURTH QUARTER 2005

Your personal financial portfolio and debt consolidation

An easy way to simplify your finances is by consolidating your debts into one loan. Instead of having to remember to make three or four different loan payments and risk missing one and getting charged late fees, consolidate them into one loan. Besides only having to keep track of one monthly payment, you may also be able to get a reduced interest rate, which will save you money.

Set up your loan payment through an Electronic Fund Transfer (EFT) to make it even more convenient. Save the time of writing checks and the cost of stamps. EFT payments help improve your credit score since your monthly payment is guaranteed to be on time.

The Credit Card Debt Trap

Carrying debt on credit cards is almost always a bad idea, yet the average American family has thousands of dollars in credit card debt. Credit cards usually charge interest rates in the high teens or twenties and charge exorbitant late fees. A person carrying a \$10 balance on their credit card could be charged a \$35 fee for being a few days late with their payment.

It is not surprising that so many people have large credit card debts. Credit cards are probably the easiest form of debt to get — offers litter our mailbox as soon as we turn 18. They are accepted everywhere and allow a small monthly minimum payment to keep the account “current.” These conveniences, coupled with our consumer culture, can be a formula for disaster.

To add to the temptation, new cards often come with incredibly low introductory interest rates. Low introductory rates are attractive and make sense if you are planning to pay off the card’s balance before the introductory rate ends. Make sure to read

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How CoBCU can work for you

The Church of the Brethren Credit Union exists to help its members build financial security.

The best way to reach financial security is not by making a lot of money, but rather by making wise choices throughout life. To assist members in making the best financial decisions for their long-term benefit, the Credit Union provides education opportunities, such as informative articles in *Credit Check*, free financial workshops, and debt counseling. Providing educational opportunities and the products and services to put good decisions into action sets the not-for-profit Credit Union apart from other financial institutions.

It is our mission to be the first choice of all Church of the Brethren members, employees, and their families for their financial service needs by providing competitive products, meaningful education opportunities, and quality customer service within the realm of the Church of the Brethren’s values of stewardship.

We envision supporting a membership that lives simply, saves regularly, uses credit responsibly, and plans for the future adequately as good stewards of God’s resources.

Contact us today to see how we can serve you. — Dennis Kingery

Annual Meeting of Members



Nevin Duldourn

Eric Kabler, financial consultant and CoBCU board member, describes “10 Personal Finance Tips for Brethren” during the Church of the Brethren Credit Union’s Annual Meeting, which was held in July during Annual Conference in Peoria, Ill. Scheduling the annual meeting in conjunction with Annual Conference made it possible for more members to attend and participate in the business meeting.

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all of the fine print to understand how long the lower rate lasts. Also, be aware that many credit cards increase their interest rates if you are ever late with a payment.

The Place for Credit Cards

Credit cards offer a great convenience for making purchases, plus many offer the ability to “earn points” for free airfare or other purchases. The key to using credit cards is in paying off the total balance each month. Credit card companies love it when people only make their minimum payment. Interest charges on unpaid balances generate millions of dollars of revenue for credit card companies each year.

Paying off your credit card balances with a debt consolidation loan is an opportunity to escape high interest charges; it allows you to use your interest savings to pay off the principal. Cut up your credit cards. Keep only one for emergencies. The worst thing to do after consolidating debt is to start using the cards to make new purchases.

Tips on Avoiding Credit Card Debt

It is always prudent to keep an “emergency savings fund” to help you through unexpected expenses. Financial counselors normally recommend individuals keep a minimum of 10 percent of their annual income in a savings account. Having this reserve fund will reduce the likelihood you will need to put those unexpected expenses on your high-interest credit cards. Putting money into savings takes discipline. Make it easier by requesting payroll direct deposit from your employer, or by setting up a monthly EFT savings deposit.

Think about the big picture. When borrowing money, consider what the total financing costs will be rather than just how much your monthly payment is. Make the highest monthly payment you can afford so that you pay down the principal faster. You will pay less in interest over the life of the loan.

Be willing to delay the gratification of purchasing new things. If debt is becoming a problem, consider your lifestyle choices — eat out less, cancel your cable and cell phone subscriptions, etc. The Brethren value of simplicity is a powerful financial tool. — Dennis Kingery

New Savings Rates

Account Balance	2005 APR	2006 APR
\$25.00 to \$1,999.99	1.30%	1.31%
\$2,000.00 to \$4,999.99	1.40%	1.41%
\$5,000.00 to \$9,999.99	1.50%	1.51%
\$10,000.00 and above	1.60%	1.61%

A new method of allocating quarterly dividends on savings was approved in late September by the Credit Union’s executive committee. Instead of offering the same rate for all monies held in savings accounts, a new tiered system has been implemented, effective with the third quarter dividend rates. Those rates (shown above) and all other rates can be found at www.cobcu.org.

4th quarter holiday schedule

The Credit Union office will be closed in observance of the Thanksgiving, Christmas, and New Year holidays —

November 24 and 25	Thanksgiving Holiday
December 23 and 26	Christmas Holiday
January 2, 2006	New Year Holiday

In addition, the Credit Union office will close at noon on December 30 to facilitate its scheduled software enhancements. Normal business hours are from 8:30 a.m. to 4 p.m. Central time, Monday through Friday.

Find up-to-date savings, loan, CD, and IRA rates online at www.cobcu.org.



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
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