



United Community Credit Union

Members' Quarterly

www.unitedccu.org

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We Have Better Loan Options

If you're in the market for a new car, you'll probably 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.

Some 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.

Moreover, 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).

So, don't be smitten by auto dealer low rate advertising – visit or call United Community Credit Union first to explore financing options.

Avoid Being Upside Down In Your Car Loan

A low or no down payment, a longer-term loan, and a vehicle that rapidly depreciates in value in the first two years can cause you to be "upside down" in your car loan. The term means you owe more for the car than it is worth. It's not unusual for a buyer to be upside down in a car loan a couple of years into a five- or six-year loan. Consumer experts recommend making a down payment of 20% or more and financing for no longer than four years to avoid being upside down. Not everyone can do this. Some alternatives:

Continued on page 4

Members' Quarterly • July 2008 • 1

Put Debt in Perspective

Pick up any newspaper on just about any day and you're likely to see an article about consumer indebtedness. The analyses typically fall into one of two categories: those that claim that the American consumer is drowning in a sea of debt; and those that say there simply isn't much of a debt problem.

There's no arguing that the total dollar amount of consumer debt outstanding is at all-time highs in the U.S. More important, debt as a percentage of take-home pay is also at record highs. At the beginning of 1985, the average American household had a pile of debt equal to two-thirds of disposable income. Today, household debt is more than 100% of annual disposable income. This means that the typical American household now would need to use more than a year's worth of take-home pay to pay off its debt. Keep in mind, this statistic includes many households that have no debt.

And while interest rates are at record lows, household monthly debt payments as a percentage of disposable income (called the debt service burden) also are near all-time highs.

Is there a debt crisis? Perhaps not. While the 125% debt-to-income ratio is high from a historical standpoint, there's nothing magical about a 100% threshold. Furthermore, debt levels are similar to or substantially lower here than in other developed countries. According to *The Economist* magazine, several big European countries have debt-to-income ratios in the 120% range, and in Japan the ratio is approximately 150%.

Continued on page 4

Check Out Our Website:

www.unitedccu.org

Are You A Winner?

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

#1270 #5247 #8061
#10950 #13307 #91864

Office Closings

July 4 Independence Day
August 9 Company Picnic
September 1 Labor Day



Members' Quarterly

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Important Notice

This is to inform you of the changes made to the MEMBER'S CHOICE™ Credit Disability and Credit Life coverages currently being provided to you through United Community Credit Union. The following provision changes will be effective August 1, 2008.

- The reason for the rate adjustment is one of needing additional premium to pay claims on the increasing number that are occurring. The increase in premium could result in a higher last payment or may extend the duration of the loan. The new Credit Disability Insurance rate per \$100 of outstanding loan balance is \$0.138 for the Single Insured Plan. The Credit Life Insurance rate per \$100 of outstanding loan balance is \$0.064 for the Single Insured Plan and \$0.096 for the Joint Insured Plan.
- The maximum amount of loan insurable for each loan insured under the MEMBER'S CHOICE™ Credit Life Insurance Program will decrease to \$30,000 effective August 1, 2008.

For existing loans that exceed the new Credit Life loan maximum, the premium rates will be applied to the actual loan balance up to the new maximum and benefits will be paid based on the new maximum.

This change does not apply to insured loan which have claims that became effective prior to August 1, 2008.

There is no action necessary on you part to continue coverage if you already have it. In the event you do not want coverage to continue, please notify the credit union.

IT IS IMPORTANT THAT THIS NOTICE BE ATTACHED TO YOUR CERTIFICATE

OFFICE HOURS

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

UCCU RATEBOARD

(As of April 1, 2008)

DIVIDEND RATES	APY
Regular Shares	1.26%
Share Drafts (checking)	0.25%
Multi-Purpose Club	1.26%
Christmas Clubs	1.25%
IRAs	4.07%
Hi-Yield	
\$500-\$9,999	1.75%
\$10,000-\$24,999	2.25%
\$25,000-\$49,999	2.75%
\$50,000 and above	3.25%
Term Certificates	
6 Months	3.00%
12 Months	3.30%
24 Months	3.40%
36 Months	3.55%
48 Months	3.70%
60 Months	4.00%

LOAN RATES

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

TERM*	RATE*
24 Months	4.50%
36 Months	5.00%
48 Months	5.50%
60 Months	6.00%
72 Months	6.50%

Add 1.00% for 2003 to 2004 model years

Add 2.00% for 2001 to 2002 model years

Add 3.00% for 2000 and older model years

Add 2.00% for vehicles over 100,000 miles

Deduct 0.50% for payments by Direct Deposit; or Deduct 0.25% for payments by Auto-Pay

Signature:

60 Months 9.75%

* Rates and terms are determined by an evaluation of your credit and LTVs.

Other:

Home Equity Line-of-Credit	4.50% (Prime - 0.50%)
Home Equity Fixed	
60 Months	5.25%
120 Months	5.95%
180 Months	6.95%
Share Secured	3.25%
CD Secured	CD rate +2%
VISA Credit Card	11.90%
Home Mortgages	call for current rates

All Rates are subject to change.

(For current rates, visit our website at www.unitedccu.org)

Stop Denying, Start Saving to Cope with Infrequent Expenses

Many people live in a state of denial about the cost of infrequent expenses. For example, it's reasonable to expect that a car eventually will need new tires, a tooth will require a filling, or a household appliance will need to be repaired or replaced. All these expenses can be budget busters unless you save in advance.

To create a savings plan for infrequent expenses, take a tour of your home. Figure out when you probably will need to replace appliances and mechanical systems by visiting the This Old House Web site (thisoldhouse.com) and searching for "How Long Stuff Lasts."

If you own a car, save for repairs based on vehicle mileage, budgeting \$25 a month for a new car; \$50 a month for a vehicle with 30,000 to 60,000 miles; \$75 a month for 60,000 to 100,000 miles; and \$100 a month if the odometer tops 100,000.

If you're a homeowner set aside at least 2% of your property's value for repairs and maintenance each year. You also should budget for personal expenses that aren't covered by insurance, such as dental cleanings or eye check-ups.

To figure out how much to save each month, create a grid. List infrequent expenses on the left side and make columns for annual and monthly budget amounts across the top. Figure out the total cost for each infrequent expense, and then break it down by years and months as needed. Tally your columns to get an annual or monthly total.

Over time, higher-than-expected expenses for one item on the list are likely to be balanced by below-budget expenses in another. Keep that in mind to avoid the temptation to pull money out of savings to spend on unrelated items. That way, you'll be prepared whenever an infrequent expense becomes an immediate necessity.

Turn to Someone You can Trust

“People helping people” is the fundamental philosophy on which credit unions were built. More consumers are discovering that credit unions have some important characteristics not always found at other financial institutions, such as personal service and customer advocacy.

Data from Forrester Research Inc. show that four out of the five largest U.S. banks fall in the bottom 25% of all financial service firms in terms of customer advocacy. Americans often are wary of doing business with large profit-driven financial organizations – they believe these companies only are interested in their own bottom lines.

Credit unions, however, continue to remain near the top of the rankings. Members trust their credit unions, which are not-for-profit organizations. Members know the people at their credit union care about them and have the members’ best interest at heart.

When you become a member of United Community Credit Union, you’ll always have a place where you belong. We offer a wide variety of programs and services designed to meet the unique needs of our members. Our customer-focused staff will be here to assist you face to face, and answer any questions you may have.

Whether it’s to open a new account, to ask about a loan, or for any of your financial needs, stop in and see us today. We are here for you.

A \$10.9 Billion Benefit to Members

Credit union members benefit from higher levels of service and participation in the governance of their financial cooperatives. But members also benefit financially to the tune of about \$10.9 billion a year – that’s \$126 per member or \$240 a year per member household, according to data from the Credit Union National Association (CUNA).

That’s the sum of the additional fees, loan interest and lower savings return that credit union members would have paid and earned had they conducted all their business with banks instead of credit unions in 2007. Those numbers break down this way:

- Lower fees = \$3.8 billion
- Lower interest paid on loans = \$4.4 billion
- Higher earnings on shares and deposits = \$2.7 billion

While bankers complain that credit unions don’t pay federal income taxes, they conveniently ignore the fact that credit union members pay income taxes on the additional dividends that they earn on their higher-earning credit union savings accounts, according to CUNA Chief Economist Bill Hampel.

In 2007, more than 87 million Americans were members of a credit union. But Hampel also points out that even those that don’t belong to a credit union benefit from the existence of credit unions. “Attractive pricing from credit unions pressures other financial institutions to provide attractive rates and services.”

Put Debt in Perspective

Continued from page 1

Similarly, while the debt service burden is near record highs, it still stands at about 14% of take-home pay and remains in a fairly narrow historical range. Since 1980, the debt service burden has fluctuated between 11.8% and 14.4%.

In part, the problem with all these statistics is that they are aggregates. They hide demographic changes (like increases in dual-income households) and general behavioral changes (like increases in willingness to assume debt).

Now, none of this means you should run your own debt to these levels. Your best bet still is to live within your means and maintain a consistent savings effort. And always remember, in good times and in bad, your credit union is at your service for all your financial needs.

Avoid Being Upside Down in Your Car Loan

Continued from page 1

- * Don’t finance a car for more months than you think you want to own it,
- * Make the biggest down payment you can,
- * Choose a shorter-term loan if possible, and
- * Buy a vehicle that will hold its value longer.

If you find that you’re upside down in a loan, experts advise holding onto the car as long as you can – at least until the amount left on the loan matches the car’s trade-in value. If you need to get rid of it, try selling it yourself or consider bundling the negative equity from the car with a loan on a new car. If possible, accelerate your loan payments to avoid being upside down in your new loan.