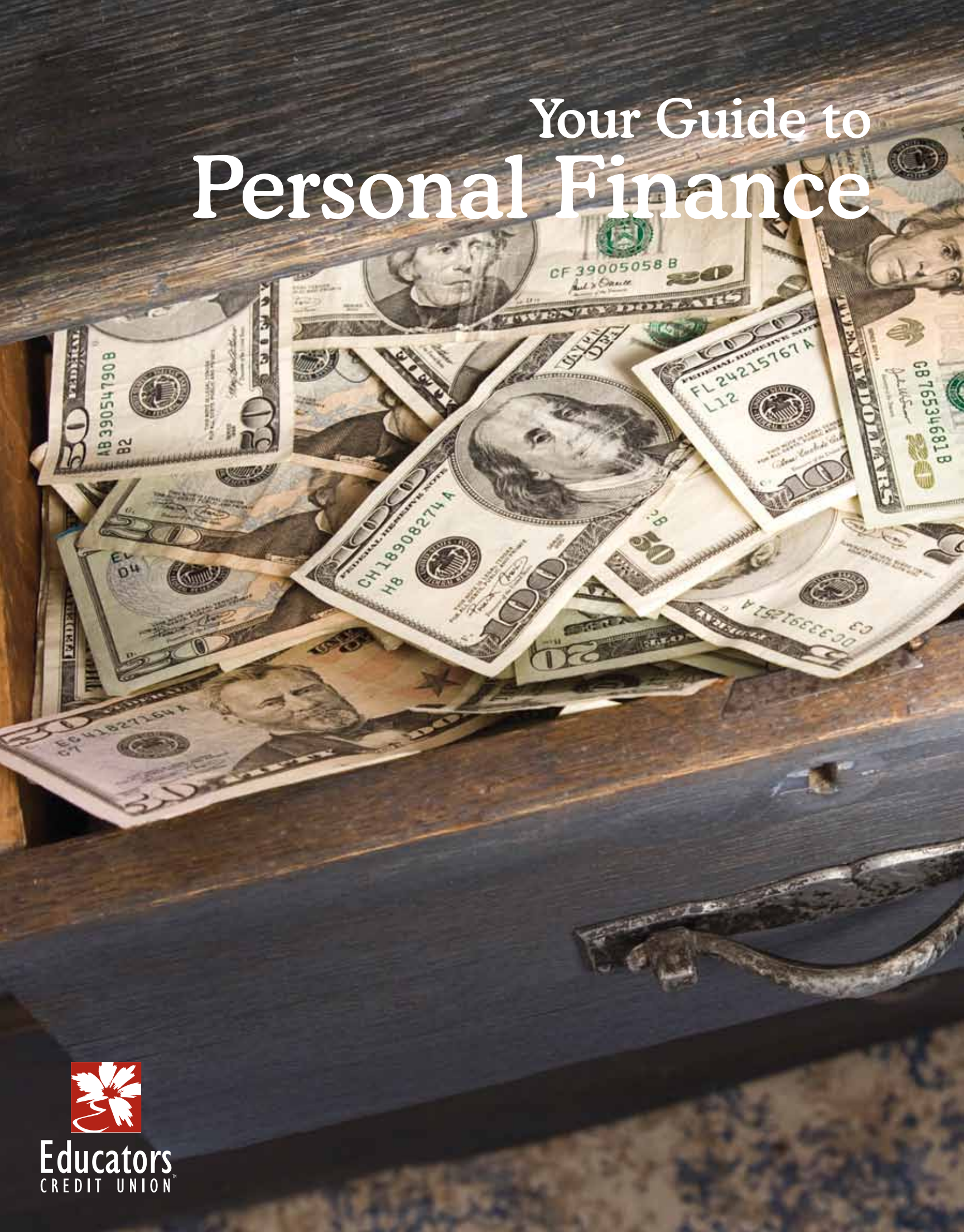


Your Guide to Personal Finance



Educators
CREDIT UNION

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Saving, Goal Setting and Budgeting

A key part of sound financial management and a stable financial future is saving for expenses and goals, regardless of the amount set aside. Even if you don't have a specific goal right now, saving will give you an immediate feeling of accomplishment.

Have debt? Save anyway. By the time you pay off your debt you will have a reserve account in place and if you have an emergency situation, you won't have to pay with a credit card.

There are many ways to save—it can be accomplished in ways other than depositing a check or cash. You can have a specified amount automatically transferred each month from your checking to savings or see if your employer offers payroll deduction—it's an easy way to save, and you'll never miss what you don't see.

Savings Options

Basic or Prime Share Savings

A basic savings account is one with the most flexibility and usually earns interest, but may require a minimum balance. It is ideal for small amounts that need to be easily accessed.

**Example: Educators Prime Share Savings account is the basic account opened to become a member, with a \$5 minimum balance. Interest is paid when the account balance is more than \$100. Educators also offers Special Savings accounts such as Christmas Club or Vacation Club or you can create and name your own.*

Share Certificate

Commonly known as Certificates of Deposit or CDs, these are appropriate for short-term goals. This account type offers a higher interest or dividend rate in exchange for your commitment to leave funds on deposit for a set period of time. There may be a minimum deposit amount and the length of terms vary.

**Example: Educators has a minimum balance requirement of \$500 and a variety of term lengths. Add-on (add funds of at least \$500) and "jump-up" (allows a one-time Educators rate adjustment) features may apply to certain terms. Penalties may be imposed for early withdrawal.*

Money Market

A secure investment for short- or long-term savings, designed for you to receive the highest savings rates as easily as possible. This is typically kept as an "emergency fund"—three to six months of expenses. A minimum balance is required or a monthly fee is charged.

**Example: Educators has a minimum balance requirement of \$1,000. Your interest rate increases automatically as your balance increases to \$2,500, \$10,000, \$25,000 and \$50,000.*

Individual Retirement Account

Also known as IRAs, Individual Retirement Accounts are personal savings plans that may provide income tax advantages* to individuals saving money for retirement purposes.

- **Traditional IRA:** These are pre-tax contributions with a limit of \$5,500 for 2014. When a withdrawal is made, it will be treated as taxable income and may be subject to penalty. *Current year limits can be found at www.irs.gov and searching "IRS contribution limits."*
- **Roth IRA:** Contribution limits are the same as that of the Traditional IRA and are made from money that has already been taxed. When a withdrawal is made, it is tax-free but contributions are not tax deductible.
- **Coverdell Education Savings Account (ESA):** Formerly called education IRAs, ESAs are a savings tool specifically used for education expenses. Distributions are tax-free if they are used for qualified education expenses at an eligible educational institution.

*See a CPA/Tax Professional. Income requirements and limits may apply.

Goal Setting

A financial goal is an amount of money needed for a specific purpose, for a definite date, and is crucial to a personal financial plan. It is the final reward that encourages you to stick to your plan.

There are three basic goal types:

- **Short term:** These are items such as vacations, new computers and clothes—items that can be accomplished in under a year. There isn't much time for interest to accumulate, so a basic or Prime Share Savings account is the best vehicle for your short-term goals.
- **Mid term:** Items such as a down payment on a home or a new vehicle, that take a longer time—generally two to four years—to accomplish. A slightly higher interest rate and the time for interest to make a bigger difference means a share certificate or money market is the place to save for mid-term goals.
- **Long term:** These are the items that take much longer to save for—a child's higher education or retirement, for example. Research investment options to maximize your return and make the most of the longer time period.

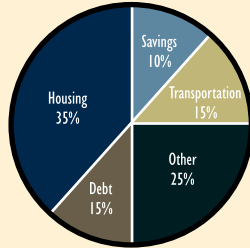
Would you like to repay a debt, buy a new car or save for a down payment on a home? Strive to keep your savings goals reasonable and realistic. Once you decide on your goals, the calculation is pretty simple:

Goal Amount	/	Months You Have to Save	=	Amount Needed Each Month

Budgeting

Understanding where your money goes is key to any budget. A spending plan can help with this process. These are the suggested percentages of net income (take-home pay) that should be allocated to your expenses:

- Housing:** Spend no more than 35 percent of net income on housing. Depending on whether you rent or own, include: mortgage/rent, utilities, insurance, taxes and home maintenance.
- Savings:** Try to save at least 10 percent of net income throughout your working life. Make sure you have three to six months income in an emergency fund before you start saving for other goals.
- Transportation:** Spend no more than 15 percent of net income on transportation: car payment, auto insurance, tag or license maintenance, gasoline and parking.
- Debt:** Spend no more than 15 percent of net income on all other consumer debt: students loans, credit cards, personal loans, tax and medical debts.
- Other:** Spend no more than 25 percent of net income on all other expenses: food, clothing, entertainment, child care, medical expenses, charity and vacations.



Monthly Income	Health
Paycheck	Medications
Paycheck	Doctor
Tips/Commission/Other	Dentist
Social Security/Pension	Optometrist/Lenses
Child Support/Alimony	Insurance
Total Monthly Net Income	Exercise Classes/Health Club
Housing	Misc.
Rent or Mortgage	Total
Gas/Electric	Food
Water	Groceries
Phone	Work Lunches
Cell Phone	School Lunches
TV/Cable/Internet	Total
Insurance/Maintenance	Education
Property Taxes	Lessons
Total	Tuition
Transportation	Books/Supplies
Car Payment	Total
Car Payment	Personal
Gas	Haircuts
Insurance/Maintenance	Toiletries
Bus/Taxi/Toll/Parking	Clothing
Total	Other
Loan Payments	Donations
Credit Union	Total
Credit Card	Entertainment
Credit Card	Vacations
Credit Card	Dining Out
Loan	Movies/Plays/Music/Sports
Student Loan	Total
Total	Savings
Family	Credit Union
Life Insurance	Education
Legal (Child Support/Alimony)	Company Savings Plan
Child Care (Daily/Occasional)	IRA
Allowances	Other
Gifts	Total
Pets (Food and Medical)	
Total	Total Debt
Total Monthly Net Income -	Total Debt =

Checking Accounts and the Check Process

A checking account is a transaction account that may earn interest and require a minimum balance. When combined with other services such as direct deposit, payroll deduction, home banking, paper checks, ATM or debit cards, you will always have quick and easy access to your funds.

**Example: Educators checking accounts have no per-check charges, no minimum balance requirements and a free debit card. Daily dividends are paid monthly when balances reach \$2,500 or more.*

Educators also offers a Fresh Start Checking program for people who have had a checking account closed in the past for Non-Sufficient Funds (see page 8) or other past debit/credit related problems.

Check Options

A check is a form of payment made from funds in a checking account and, once written, is negotiable (valid). Check types include:

Personal

These are the most common type of checks you receive when opening a checking account, which will make up most of your transactions.

When a personal check is going to be cashed, it is endorsed and deposited into the payee's account. Their financial runs the check through the Federal Reserve System, the central bank of the United States, to receive the money and withdraw the amount from your account. With the Check 21 process, also known as electronic checking, this may be in as little as a few minutes.

Certified

Funds of \$1,000 or more are placed on reserve to guarantee payment in the form of a check that the financial institution generates.

Fewer financial institutions are offering this as it is being phased out and replaced by the cashier's check.

Cashier's

Cashier's checks are purchased for a small fee and guarantees payment by putting your funds on reserve, similar to a certified check.

Money order

A money order is usually purchased for a small fee and guarantees payment. A money order is ideal for amounts less than \$1,000.

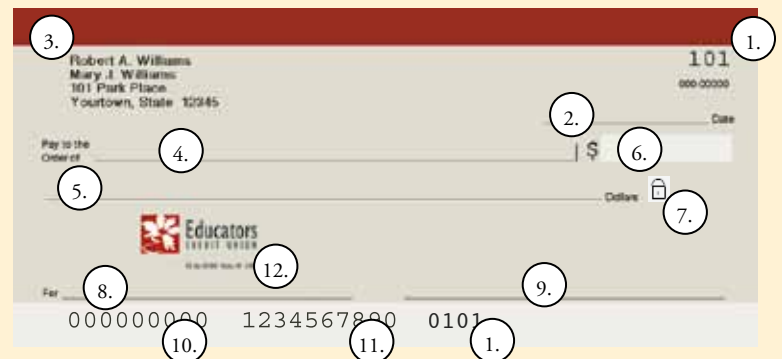
Check 21

Instead of moving paper checks between financial institutions, this federal law allows checks to be processed electronically, which is faster and more efficient. An image of the front and back of the check is captured, thus creating a "substitute check," saving time and cost.

A traditional paper check typically takes three to five business days to clear, whereas Check 21 allows a check to clear almost instantly. Many retailers use this format to save time and to add assurance that funds are available when a check is written

Anatomy of a Check

Understanding the parts of a valid check will help you understand why the information that is on the check is included and its purpose. The components of a personal check are:



1. **Check Number**—Helps you keep track of who you paid. You can use this number in your register to keep track of the checks you write.
2. **Date**—The date the check is written.
3. **Account Owner**—Person, authorized signer or business writing the check and their address.
4. **Payee**—Name of the person(s) or company to whom the check is being written.
5. **Legal Amount**—The amount of the check written out in words and fractions of dollars.
6. **Written Amount**—The amount of the check in numbers.
7. **Padlock**—Refers to the check's security features listed on back.
8. **Memo**—Available to make a note of what the check is for.
9. **Signature**—Authorized signer of the check.
10. **Routing Number**—The nine digits that identify the check writer's financial institution.
11. **Account Number**—Identifies the account information and from which financial institution the check is drawn.
12. **Financial Institution**—Shows the name and address of the financial the check is being drawn from.

Writing

To write a check for payment, you will need to complete the following information:

1. Fill in the date. (4/10/2014)

2. Print the name of the person or company you are making payment to. (ABC Inc.)

3. Enter the amount you are paying in numbers. (\$64.21)

4. Enter the amount you are paying in words and fractions of dollars, then fill in any leftover space to the right with a line to prevent tampering and fraud. (Sixty Four and 2/100)

5. Make a note of what the check is being written for (optional). (birthday gift)

6. Sign your name. (Signature)

Use blue or black ink so that nothing can be altered. Write clearly and fill in all the blanks noted above. Should you make a mistake on the check, write VOID across the whole check and destroy it.

The person or company you are writing the check for may ask for an ID to ensure that you are the owner of the checking account.

Endorsing

You endorse a check when you are depositing, cashing or signing it over to someone else. To endorse, turn the check over and sign the back. Generally the words, “ENDORSE HERE” appear on the back, indicating the space to sign.

There are several ways you can endorse a check:

- **Blank Endorsement:** Sign your name the way it appears on the front of the check. If your name is spelled wrong, sign it the misspelled way and then sign it again the correct way.

If the check is made out to two people and the word or symbol for “and” is between the names, then both need to sign. If the word “or” or nothing is between the names, then either person can sign, except for tax and insurance checks.

IMPORTANT: Do not endorse your check until you are ready to cash or deposit it. Anyone can cash a check once it is endorsed with a blank endorsement.

- **Restrictive Endorsement:** Write a phrase such as “For Deposit Only” and then sign underneath. This is a safer method as it only allows the check to be deposited and not cashed—typically used if you are mailing your check or having someone else deposit it for you.
- **Special Endorsement:** Write “Pay to the order of” the name of the person you are giving the check to and then sign underneath. This allows you to sign your check over to someone else who then may either deposit or cash it.

Depositing

Most financial institutions require a deposit or transaction ticket when making a transaction. This will ensure that the transaction is completed as specified and will need to include:

TRANSACTION TICKET		Account Number
Name _____	Date _____	
Signature _____ <small>(signature required for withdrawals or transfers)</small>	Password _____ <small>(optional)</small>	
Checks or Cash from Member Cash \$ _____ Cash Back \$ _____ Coin \$ _____ 1. Total Checks \$ _____ Grand Total \$ _____	Withdrawal From Account # _____ 2. <input type="checkbox"/> Savings <input type="checkbox"/> Checking <input type="checkbox"/> Other Cash Back \$ _____ Money Order (max. \$1,000) \$ _____ Cashiers Check (no min.-no max.) \$ _____ Check Payable to: _____	
Deposit or Payment to: Savings # _____ Amount \$ _____ Checking # _____ 3. \$ _____ Loan # _____ \$ _____ Other # _____ \$ _____	Transfer From Acct. # _____ to Acct. # _____ Amount to transfer \$ _____ From Acct. # _____ to Acct. # _____ 4. Amount to transfer \$ _____	
Internal Use Only DL - State ID - Known - Other - CoWWW - ID# _____ Exp _____		Rec. 03/10

CENTS	[Grid for recording cents]									
	DOLLARS									
CHECKS List Single	[]	[]	[]	[]	[]	[]	[]	[]	[]	[]
TOTAL	[]									

5.

1. **Source of Funds**—Cash, coin or checks you are bringing in for deposit. Total them up and subtract any cash you want back.
2. **Withdrawal**—Amount being withdrawn and where it should come from.
3. **Deposit/Payments**—Amount being deposited and where it should go.
4. **Transfer**—Amount being transferred, the account it is being withdrawn from and the account it is being deposited into.
5. **Checks**—Additional fields to list other checks being deposited.

Account Management

Each time a check is written or an ATM or debit card is used, a record should be made or receipt kept in your checkbook register. A checkbook register is a record of all transactions on your checking account, both debits (deductions from your account) and credits (deposits to your account). Keeping an up-to-date register allows you to know your balance at all times.

Once your check is written or an ATM or debit card transaction is complete, fill in your register with the following information:

1. Fill in the date the check was written or debit card used.
2. Write in the check number, or write "DC" for debit card use in the code area.
3. Write who the check was written to or where the debit card was used.
4. Use this area to make note of what the purchase was for.
5. Fill in the amount of the transaction.
6. Use this column for any money coming in or being deposited.
7. After subtracting your transaction amount or adding your deposit, fill in the balance.

DATE	NUMBER	TRANSACTION DESCRIPTION	CODE	(-) WITHDRAWAL	(+) DEPOSIT	BALANCE
						100.00
12/18/10	100	Super America		30.00		-30.00
		Gas				70.00
12/20/10		Deposit			100.00	-100.00
						70.00
12/21/10	101	Best Buy		64.21		-64.21
						105.79
12/23/10		Starbucks	DC	4.15		-4.15
						101.64

Fees

Be aware that special services, such as copies of checks, stop payment orders or telephone transfers not made through Touch Tone Teller or Home Banking, carry fees. When using a non-Educators ATM, you may be charged a fee from the ATM owner—Educators does not control or regulate these fees. Be sure to include these fees in your register.

Non-Sufficient Funds

Always ensure that there is enough money in your checking account when writing a check. If a check is written for more than you have in the account, your check will not go through and you will be charged a non-sufficient funds (NSF) fee—also known as “bouncing a check.” Many financial institutions will return your check to the payee, charge you a NSF fee and allow the payee (usually a merchant) to charge you a returned check fee, all in addition to original amount of the check that is still owed.

Overdraft Protection

Some financial institutions offer Overdraft Protection to protect you from “bounced checks” if you accidentally overdraft. Should you write a check and not have the funds to cover the amount, these funds can be transferred automatically from your savings or other accounts (if available). A fee may also apply for a transfer.

Example: Educators will pay the check from your savings should the money be available and charge a funds transfer fee of \$5.*

*If the funds are not available, Educators will send back the check and charge you a NSF fee of \$30.** The merchant’s “returned check” fee may also apply.*

Overdraft Privilege

Some financial institutions also offer a program called Overdraft Privilege. Should an overdraft occur, your check could clear and your account would be charged a fee. The check will not be returned as unpaid, saving you any merchant’s fees for returned checks.

Example: Educators covers overdrafts created by check or by electronic transfer, up to \$700, for a \$30 fee. Most checking accounts qualify for this privilege. Members will be notified via mail if they qualify. Accounts must be brought to a positive balance every 35 days.*

***Fee amounts as of February 1, 2014. For current fees and more details on this service, visit our website at www.ecu.com.*

Power of Attorney (POA)—By designating someone as Power of Attorney on your account, you are giving them authority to transact and manage money within your account. A POA can conduct any transaction that the account owner can conduct. This gives you piece of mind that your finances will continue to be maintained in the event of an emergency. However, POA ceases upon death or removal by owner.

Payable on Death (POD)—A Payable on Death designation allows you to select a beneficiary for your account. By doing this, you are allowing your accounts to be dispersed to beneficiaries without going through probate court, when you pass away.

Debit Cards

A debit card provides the benefits of both an ATM card and a paper check. When you use a debit card, the money is deducted from your checking account.

For some debit card transactions, processing may take several days to clear your account, depending on the merchant's processes. That makes it important to record the transaction in your check register, assume those funds are no longer available and deduct the amount from your balance.

There are two different transaction types for using a debit card, "Debit" and "Credit" transactions.

- **Debit:** You enter your personal identification number, commonly called a PIN. This is a four digit "password" that you enter into a touchpad to complete the purchase or ATM transaction and your money is deducted right away.
- **Credit:** A signature is required to complete the transaction, similar to a credit card, and your money is deducted after processing.

**Example: Educators Debit Cards are accepted anywhere where Visa®, Pulse® or Cirrus® is accepted. Educators allows unlimited debit transactions without charging a fee, however does not have control over what non-Educators ATMs may charge.*

Holds

When your debit card is swiped for a credit transaction, a hold is placed on your checking account for the anticipated charge, and the funds on hold are not available for you to use elsewhere. Holds remain on your account until three business days pass or a charge comes through that matches the hold ID and dollar amount. If the dollar amounts do not match exactly the hold will not be released until the three business days have passed.

If the amount of the charge is unknown at the time of the card authorization, such as paying at the pump for gas purchases, it will show as \$1.00. This is because they do not know your total purchase amount before you begin pumping. They simply check your account to see that you have funds available and then place a hold on your account for \$1.00. Make a note of the actual amount when you are done, as this will be the amount they withdraw once the charge to your checking account comes through. One way to avoid this is to pay for gas inside.

When you use your debit card at restaurants, some may place a hold for the total bill plus an estimated 20 percent for a tip. The correct amount you allow will be charged once the hold is removed and the charge goes through.

Be aware of using your debit card for hotel and airline reservations. If you make hotel reservations or buy an airline ticket, a

hold may be placed for the total amount (i.e. \$500 for two nights' stay in a hotel). However, when the actual charge comes through, it is often submitted as separate charges (i.e. \$250 twice, once for each night at the hotel). The holds are only cleared by a matching dollar amount. In this case, the initial hold will not be cleared by the two charges. Therefore, the initial hold will stay in place and the charges will be deducted from your checking account, making your available balance artificially low.

Rewards

Some debit cards offer rewards for using their cards. Rewards can be redeemed for cash back, merchandise, gift cards and travel.

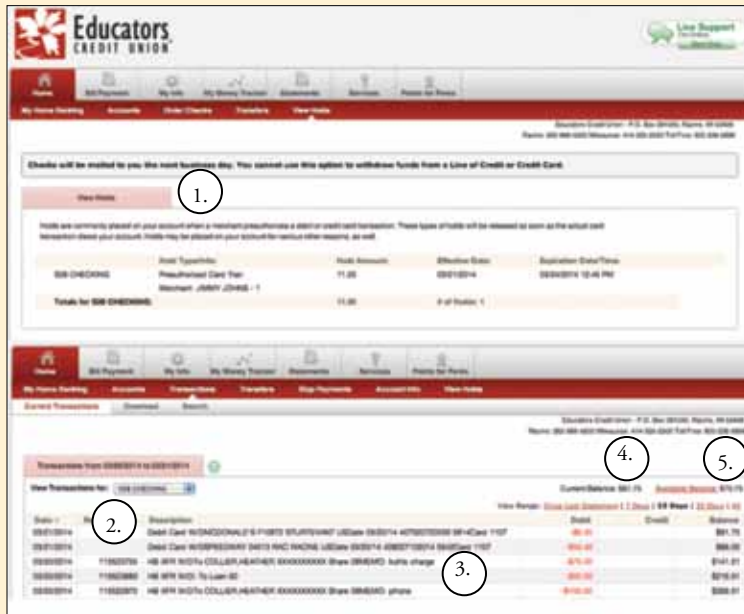
**Example: Educators debit card offers points for purchases made as credit transactions, through a program called Points for Perks. You receive one point for every two dollars you spend using the non-PIN credit choice when using your Educators Visa® debit card. Points can be redeemed for cash, travel and merchandise, as well as discounts and incentives on Educators' products and services.*



Online Banking

Online banking allows access to your account 24 hours a day, seven days a week with the ability to check your account history, transfer funds, make loan payments or set up automatic monthly transfers.

**Example: Educators Home Banking offers you the ability to do each of these in addition to schedule E-alerts that can be sent to your email or cell phone to remind you that a loan is due, that your balance has dropped below a certain amount or a custom reminder that you can create.*



Holds

Items listed when you click *View Holds* are holds placed on the account from the debit card being used. Each time the debit card is swiped, the activity is shown here and the funds are set aside until the merchant collects them. You will be able to see where the card was used, what the expiration date is or when the amount is set to be withdrawn and how much it was for.

Account History

The *Account History* is a listing of the current activity in your checking account. You will be able to see the holds from debit card transactions (1), ATM usage, checks being written (2) and transfers and deposits made into the account. Here you may also search for a specific check number (3) to see if it has cleared and you are able to see the check image.

Your current balance (4) and your **available** balance (5) are shown. Remember that your available balance is what you have available to use. Your **available** balance takes into account what holds have been placed on your account and subtracts them.

Balancing Online

Each transaction is updated in real time and shown in either the pending transactions or account history section. If you want to balance your account online, it's relatively simple and painless. Just follow these steps:

1. Note your balance on the top far right corner of the *Account History* tab. In this example, it is \$387.20.
2. Subtract the total from the *Holds*. In this example, it is \$79.40. However, it is important to remember or estimate what the actual charge will be when this hold clears the account because this is what you need to subtract. In this case, the actual was \$70.83.
3. Subtract any debit card purchases you made, but do not appear in the *View Holds* area yet.
4. Also subtract any checks you wrote but do not appear in the *Account History* tab yet.

This should give you the most accurate balance if you have outstanding items that have not yet reached your online banking.

If you don't balance your account often, or occasionally forget to subtract an item or two, it's a good idea to set up a few alerts to protect yourself against overdrawing your account.

**Example: Educators offers E-alerts at no charge and can be scheduled in Home Banking by going to Alerts under the "My Info" tab. The most recommended alert tells you when your balance goes above or below a certain amount. You can receive this alert as an email or text message sent to the address or cell phone number you provide.*

Online Bill Pay

Most financial institutions that offer online banking also offer online bill pay, for a fee. This allows you to go in and pay bills such as utilities, cell phone bills, credit card payments, etc. Payments made are deducted directly from your checking account and sent off, eliminating the need for you to write a check and buy a stamp.

**Example: Through Educators online EZ Bill Pay, you can pay your bills through Home Banking. Payments are deducted from your checking account and will show up on your monthly statement. There is no limit on the number of bills you can pay. To sign up for EZ Bill Pay, click the "Bill Payment" tab and enter your information.*

Understanding and Using Credit

How to Get Credit

- **Pay your bills on time:** Paying utility, medical and other obligations late can affect your credit report and lower your credit score. Some lenders also review checking histories, so it's important to keep your balance positive.
- **Apply for a loan:** Ask someone with good credit to co-sign a loan for you. Remember that a co-signer then shares liability for the loan with you. If you make late payments, they will reflect poorly on your credit as well as your co-signer's. After a year of timely payments, reapply for the loan in your own name.
- **Apply for a credit card:** You probably receive offers from credit card companies every day. Card companies are more willing than ever to give young people their first credit card. Before you apply for any credit, make sure you understand the terms. How long is the "grace period" (the time you have to pay the current balance in full) before finance charges are added? Is there an annual fee or other fees associated with the credit card?
- **Have patience:** It takes time to establish credit. Remember, you are building a record of consistency by making payments on time, which demonstrates your creditworthiness.

Protecting Your Credit

Once you have credit, it is necessary to protect it. Be careful with your credit, debit and ATM cards, as well as your account and personal identification numbers (PIN). Carry only the cards you expect to use. Keep a list of account and telephone numbers of the companies that issued your cards, so if your cards are lost or stolen you can notify the companies quickly. If your notification is received before the cards are used, you may have no legal responsibility for unauthorized charges.

- Never give out your credit card, checking or savings account information to a telephone solicitor. Save sales receipts to compare with your bill, and shred any documents containing account numbers.
- If you disagree with an item on a bill, you are responsible for notifying the creditor in writing within 60 days of receiving the bill. Include your name, account number, the item in error and the reasons why you believe it is wrong.

If you feel that your personal information may have been compromised, act quickly to minimize the potential for identity theft. Report identity theft to local law officials, provide all documentation available and ask for a copy of the police report. Keep it on hand for creditors. Immediately contact the fraud units of the three major credit reporting agencies listed on the back cover and ask that a fraud alert be added to your account.

- **Financial Accounts:** Close compromised credit card accounts immediately. Ask your financial institution about whether you should

close bank accounts immediately or change your passwords. Have the institution monitor for possible fraud. Place passwords on any new accounts you open. Avoid using common passwords, such as your mother's maiden name, your birth date, the last four digits of your Social Security Number, your phone number or a series of consecutive numbers. If your checking account information is used to set up a fraudulent account or checks are stolen, report the crime to the police and contact the check verification agencies: ChexSystems (800) 428-9623 and Equifax, online at www.equifax.com. Stop payment on all questionable outstanding checks. If your ATM card has been stolen, get a new card and change the PIN.

- **Social Security Number:** If your Social Security Number is stolen or used fraudulently, report the theft to the Federal Trade Commission at www.idtheft.gov or by calling toll-free (877) ID THEFT. Also call the toll-free number of any one of the three nationwide consumer reporting agencies on the back cover and place an initial fraud alert on your credit reports. Once in place, this alert can help stop someone from opening new credit accounts in your name.
- **Driver's License:** Contact the Wisconsin Department of Motor Vehicles (608) 264-7049 and follow their procedures to cancel your license or ID and get a replacement. Ask to "flag" your file to keep anyone else from getting a license or another ID in your name. It requires anyone, including you, attempting to use your identity with the DMV to provide additional identification verification.

Once you've taken these steps, watch for signs that your information is being misused. Follow up with creditors if your bills don't arrive on time. A missing bill could mean an identity thief has taken over your account and changed your billing address. Other signs include: receiving credit cards you didn't apply for, being denied credit or being offered less favorable credit terms and calls or letters from debt collectors or businesses about merchandise or services you didn't buy.

Understanding Credit Cards

Shop around. There are many credit card companies that want your business. Look closely at the terms—that will help you figure out who the bad guys are:

- **Regular (non-introductory) APR**—Look for cards under 15%.
- **Grace Period**—How long your purchase is interest-free. Look for at least 25 days.
- **Late Payment Fee**—Know what fee the company will tack on if you make a late payment and if there is any grace period before a fee is assessed. Look for late payment fees below \$20.
- **Annual Fee**—Look for cards with no annual fee.



- **Penalty APR**—Often called the Default Rate. Some credit card companies charge a higher interest rate if you go over your limit or make a late payment. This Penalty APR replaces your current interest rate. Look for cards with no penalty APR or one below 18%.
- **Universal Default Clause**—Some card companies add a clause that states they can raise the interest rate on your card to the penalty or default rate if you make a late payment to **any** of your creditors, not just your credit card company. Look for cards that don't have this clause.
- **Read the fine print**—Always make sure to thoroughly read the disclosure before accepting the offer. You'll find that some companies will hide their fees and other important information in the small print.
- **Carry only one or two major credit cards**—Avoid using your entire available credit limit and having several department or store cards. Try to use cards only when you can pay off the balance each month.
- **Always pay more than the minimum**—If you can't pay your balance in full, always pay more than the minimum. Credit card companies set their minimum payments so low (usually 4% of balance) that it can take many years to pay them off.

**Example: Educators Credit Cards have no annual fees, a 25-day grace period and Points For Perks reward points with every purchase. For more information, please visit www.ecu.com.*

Anatomy of a Credit Card Disclosure

Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases and Cash Advances	18.9% 2.
APR for Balance Transfers	1. 0% introductory APR for the first six billing cycles after account opening. After that, your APR will be 18.9%. Balance transfer fees will also apply (see Fees section below)
Penalty APR and When it Applies	3. 28.99% This APR may be applied to the entire balance of your account if you: 1) Make a late payment twice in a six-month period; 2) Go over your credit limit twice in a six-month period; 3) Make a payment that is returned; or 4) Do any of the above on another account you have with us. How long will the Penalty Rate Apply? If your APRs are increased for any of these reasons, the Penalty APR will apply until you have made six consecutive minimum payments when due and do not exceed your credit limit during that time period.
How to Avoid Paying Interest on Purchases	4. If you pay your entire balance in full each month, you have at least 25 days after the close of each period to pay your balance on purchases without being charged interest. Cash advances are charged interest from the date of the advance, as required by law.
Website for Additional Information	To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at www.federalreserve.gov/consumerinfo/consumercredit.htm
Fees	
Annual Fee	\$39 5.
Transaction Fees • Balance Transfers • Cash Advances	Either \$5 or 3% of the amount of each transfer, whichever is greater (maximum fee: \$100). Either \$5 or 3% of the amount of each transfer, whichever is greater.
Penalty Fees • Late Payment Fee • Over-the-Credit Limit	6. \$29 (Your APRs may also increase; see Penalty APR section above) 7. \$29 (Your APRs may also increase; see Penalty APR section above)

- 1. Introductory Rate**—This rate is charged for purchases and/or balance transfers (like in this example) for a limited time only.
- 2. Standard Rate**—This rate is charged for after your introductory period has expired.
- 3. Penalty Interest Rate**—This rate replaces your standard rate if you make a late payment, go over your credit limit. The info included in the chart will tell you when this rate could go into effect.
- 4. Also called Grace Period**—This is how long your purchase is interest free. In this example, a purchase would be charged interest, if it is not paid for by the 25th day.
- 5. Annual Fee**—You pay this fee each year, just to have the card.
- 6. Late Payment Fee**—This is charged if you make a late payment.
- 7. Over-the-Credit Limit Fee**—This is charged if your balance exceeds your credit limit.
- 8. How Balances are Calculated**—*Average Daily Balance Method:* Based on the average balance that existed each day. *Adjusted Balance Method:* Based on the account balance remaining after adjustments are made for payments and credits during the billing period. *Previous Balance Method:* Takes the outstanding balance at the end of the previous billing period and applies the interest rate to that total. Charges in the current billing period are not included.

How We Will Calculate Your Balance: We use a method called "Average Daily Balance (including new purchases)." **8.**

Investing

Investing what you've saved is the next big step to building wealth, keeping in mind that all investment vehicles carry risk.

401(k)

A 401(k) plan is similar to an IRA except that it is established by an employer. It is normally funded with your pre-tax salary contributions and possibly with matching contributions from your employer. Typically, larger contributions can be made to 401(k)s than to most IRAs. The money in your 401(k) account is tax-deferred until you withdraw the money.

IRAs

Also known as Individual Retirement Accounts. See page 1 for the different types and descriptions of IRAs.

Stocks

Stocks represent ownership in a company. If you own one or more shares of a company's stock, you own part of that company. The number of shares you own, in proportion to the total number of shares that exist, determines how much of the company you own. Owning common stock gives you the right to vote as a partial owner of a company.

When you buy stocks, you face the risk that a company's stock price will drop because of poor business conditions for the company or industry. You also face the risk that the stock market will drop in value because of economic conditions, for instance.

Because of these risks, if you're thinking of investing in stocks, be sure to take time into consideration. Because stock prices can move up and down quickly, they involve a good deal of short-term risk. But because the historical trend of the U.S. stock market has been up, you might decrease your risk if you're willing to leave your money in stocks for the long term. Keep in mind, however, that past performance of the stock market, a specific stock or other investment does not guarantee future results.

Bonds

A bond is an IOU issued by a corporation, government, or governmental agency to cover money the bondholder has lent. If you own stock in a company, you are a part owner of the company. As a bondholder, you are a creditor. Returns from bonds are generally lower than stocks, however they're a much safer investment. Bonds' safety and stability can act as a counter in your portfolio to the fluctuations common to stocks. The more conservative investor will want a higher percentage of bonds.

Mutual Funds

A mutual fund is a collection of stocks, bonds or other securities. By buying shares of mutual funds, you can indirectly own a variety of stocks and bonds, spreading your risk through different investments. So if one stock in the fund performs poorly, it may not make a huge overall difference to the fund, unless the fund owns a large number of shares of that one stock. Think of mutual fund investing as putting your eggs in more than one basket.

Insurance Options

The purpose of insurance is to protect you and your family against major financial catastrophes. This includes Life Insurance, Medical Insurance, Assets and Long-term Disability.

- **Life Insurance**—Income replacement to protect those who depend on your financial securities.
- **Medical Insurance**—Covers most of the cost of many medical expenses. Most commonly available through employers and may require employees to pay a portion of the premiums.
- **Assets**—Items of value you own and have available to meet debts, such as homeowners, flood or automobile insurance. Covers your personal property and liability; and protects the lender.
- **Long-term Disability**—Provides an income stream for a long period of time if you are unable to work because of an injury or illness.