



It's back to school time - A great time to review financial fundamentals with your kids.

Give Your Freshman a Crash Course in Financial Fundamentals

If you've got a freshman heading off to college, you're probably scrambling to teach him or her how to cook macaroni and cheese and do laundry without turning everything pink. But there are other important lessons you can share that will have a much longer-lasting effect on their financial future.

Take credit: College students often get deluged with credit card offers. Although opening and using an account responsibly is a good way to build a solid credit history, inexperienced card users sometimes are tempted to buy things they can't really afford - or worse, to rely on their card for recurring expenses like rent and tuition.

Do your child a favor and have frequent, candid discussions about using credit responsibly and the pitfalls of overindulging. Key points to tell them:

- Try to use your card only when confident you can pay off the balance each month. Paying just the minimum due can add years - and significant interest - to your repayment.
- Don't be tempted by free giveaways or low teaser rates, which often rise dramatically after a few months.
- Look for a card with no annual fee and a lengthy grace period before finance charges begin. LRRCU offers a student card with just these attributes.
- Investigate other fees, such as those for cash advances, late payments,

balance transfers and exceeding your limit.

- Carrying too many cards can damage your credit score, as can high balances. Try never to owe more than 25 percent of your credit limit on any card.

College is a big step toward independence. Just make sure your kids have all the tools they need to ensure a strong financial future. LRRCU is here to help. Not only do we offer low rate student MasterCards but we also offer student loans. Start your student off right with the credit union you trust, LRRCU!

The 3 C's of Credit

The 3 C's of credit refer to Character, Capital and Capacity. These are areas the creditor looks at prior to making a decision.

Character

From your credit history, the lender attempts to determine if you possess the honesty and reliability to repay the debt. They ask the following questions in their evaluation:

- Have you used credit before?
- Do you pay your bills on time?
- Do you have a good credit report?
- Can you provide character references?
- How long have you lived at your present address?
- How long have you been at your present job?

Capital

The lender will want to know if you have any valuable assets such as real estate, personal property like an automobile, savings, or investments that could be used to repay credit debts if income is unavailable. They will ask these questions with regard to capital:

- What property do you own that can secure the loan?
- Do you have a savings account?
- Do you have investments to use as collateral?

Capacity

This refers to your ability to repay the debt. The lender will look to see if you have been working regularly in an occupation that is likely to provide enough income to support your credit use.

The following questions will help the lender determine this:

- Do you have a steady job? If so, what is your salary?
- How many other loan payments do you have?
- What are your current living expenses?
- What are your current debts?
- How many dependents do you have?

Make sure your credit report is giving lenders an accurate portrait of your credit history. Visit www.annualcreditreport.com to get your free, yearly credit report.

LRRCU is happy to help all members understand and correct their credit histories. Visit us online or in person to get assistance.

Getting Out of Debt; Reducing Debt Load

There are two great ways to change your debt load and debt/income ratio: Cut spending and bring in more money.

Cutting spending can be the fastest way to reduce the debt load, unless additional work and income is readily available. Some have equated cutting spending with surgery for your money management. But as you heal with better financial health, you'll probably also notice that your attitude, relations with others, emotions, and sense of humor start getting better, too.

Recognize that you don't have to continue to add to your debt load with additional purchases. Remember, you may have found a terrific bargain on a stereo, but if you don't pay it off for three years, the money you "saved" won't matter.

Avoid "impulse purchases." You'll be surprised at what a difference this can make.

Learn to cook or take your lunch to work. The cost of lunch out for a week compared to a week of lunches bought at the grocery store should quickly show you how fast you can reduce your debt load by taking small steps now. A little bit every day is a great start on your financial fitness program.

Think about ways to bring in additional money - either an extra part-time job or a better paying primary job. There is more than one way to change your debt load!

Lancaster Red Rose Credit Union offers our members low rate consolidation loans to help lower monthly payments and credit counseling to help understand and eliminate bad financial choices.

Upcoming Events

- International Credit Union Week – Oct. 15-20
- Open House at Main Office – Friday, Oct. 19
- Car Sale Extravaganza – Friday & Saturday, Oct. 19th & 20th



Afraid of a Mouse?

Take control with LRRCU's...

Online Banking Seminar Saturday, November 17th 9am at our Main Office

Learn Online Banking Basics like logging in, transferring money, paying bills and much more!

Concerned with online security? We'll discuss that and answer all your questions, too!

**Log on with confidence at
LRRCU.org**

Skip A Pay is Back!

With all the hustle and bustle of the holiday season, finances can get pretty tight, that's why Lancaster Red Rose Credit Union is giving you the opportunity to **Skip Your Loan Payment!**

That's right! For those members in good standing with auto, personal or RV loans, we're offering you the choice of skipping your November or December loan payment*. And, best of all, you can skip the whole month for just \$35.00!

Just fill out the skip a pay certificate arriving in your mailbox or at any one of our branch offices and return it with \$35.00 per loan to cover processing, before the due date of your chosen deferred payment. This special offer ends December 31, 2007.

Use the extra cash any way you please and enjoy the holidays on LRRCU!

*Interest will continue to accrue on your loan and your payments will resume as normal after the skipped payment.

Deferment of this payment will extend the life of your loan and may cause an increase in your final payment. Loan payments may only be deferred once per year.

Dear Abby

Dear Members,

It's hard to believe that 2007 is coming to an end. Year to date we have seen many accomplishments at LRRCU including offering membership to anyone in Lancaster County;

holding our first member seminar on Online Banking & Bill Pay; and the remodeling of our branch office. If you



Photo: Amy Spangler

missed our Online Banking seminar we are holding another seminar on Saturday, November 17th – Mark your calendars.

Those of you visiting our main office are more than familiar with the lack of parking spaces available in visitor parking. LRRCU now has official "Member Only" parking. LRRCU parking spaces include 3 spaces around the circle and 4 spaces in the first section on the South side of visitor parking. Signs are now displayed showing parking for "Members Only".

Thank you for your continued support and use of our services. Happy Holidays to all!

Sincerely,

Abby R. Achey
Abby R. Achey
Chief Executive Officer

Supervisory Committee Audit

Every two years NCUA requires our Credit Union to verify members' accounts and balances. Please review your enclosed quarterly statement to verify that all balance information is correct. Please notify the Supervisory Committee of any errors by writing to: Lancaster Red Rose Credit Union, Supervisory Committee, P.O. Box 8622, Lancaster, PA 17604-8622, or email non confidential information to supervisorycommittee@lrrcu.org.