



# UPDATE

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## Help Guide YOUR Credit Union

*Did you know that your credit union Board of Directors consists of volunteers elected from the membership?*

As a member of Omaha Douglas Federal Credit Union, you have a vote in who serves on the Board of Directors. You can even run for a position on the Board. The Board has the responsibility of directing credit union activities and policies.

This year, three three-year positions on the Board will be contested and nominations are now being accepted.

If you're interested in running for a seat on the Board of Directors, you should be prepared to make a commitment to attend a monthly meeting (about one to two hours in duration) to monitor the financial condition of the credit union and ensure continued sound operation; approve interest rates and dividends; establish policies for products and services; approve plans and budgets and monitor their implementation; hire, supervise and evaluate the chief executive officer; and work with others to help the credit union provide the best possible service to its members.

If you are interested in running for the Board of Directors, contact a member of the Nominating Committee for a nomination resume.

**Dawn Honig, Chair**

444-5232

**Kathleen Hall**

444-6149

**Dan Silvis**

444-6712

**Alan Thelen**

444-5135

Nominations must be submitted to a member of the committee or to the credit union by January 31, 2011. Nominations may also be added to the ballot until if accompanied by signatures of 1% (48) of the membership. Names of all nominees will be posted in the credit union office by March 15, 2011. If there are more nominees than open positions, the voting will be held for two weeks prior to the Annual Meeting. Members may also vote at the Annual Meeting on Thursday, April 28th. Look for more details about the Annual Meeting in our next newsletter.



## Counterfeit Check Scams Come in Many Guises

If someone you don't know offers to send you money, watch out. It's probably one of the many counterfeit check scams happening today. There are lots of variations of these scams, but one thing is for sure--you'll be out money if you comply.

Sure, it might be tempting to cash a check for free money. Counterfeit checks look so real that even financial institution employees can be fooled. If the check is a fraud and bounces after you've cashed it, you're the one who will be held responsible.

Counterfeit check scammers hunt for victims by scanning newspaper and online ads for people trying to sell things and people seeking employment. Scammers even send random e-mails and faxes hoping that someone takes the bait.

These scams take many guises, but the main thing to watch out for is someone you don't know who wants to send you a check or money order for a large sum of money--but requests that you wire a portion of the money back. **If you fall for this, you can be sure of three things:**

1. The check is a fraud.
2. The money you deposit in your account is not good. When the check bounces you'll be responsible for paying back the money. This will be even harder to do if you've already spent it.
3. You've just wired your money to a crook.

If you get a check that you're suspicious about, *don't cash it*. Report scams to the National Fraud Information Center/Internet Fraud Watch at [fraud.org](http://fraud.org) or call 800-876-7060.



# Tips to Put Your Financial House in Order



The National Foundation of Credit Counseling (NFCC) suggests that consumers review the following “Top Ten” financial basics to see if their financial house is in order.

## 1. I open my bills the day they arrive.

This may seem like common sense, but everyday people walk into one of the NFCC counseling offices with grocery bags filled with unopened bills. Ignoring the problem won't change anything, but facing the facts and developing a plan will.

## 2. I review my monthly creditor statement thoroughly.

Consumers not only need to be aware of the amount they owe and payment due date, but should check their statement for unauthorized charges which could indicate ID theft, rate changes, credit limit changes, and any additional fees that might have been added on. Contact the issuer immediately if you observe anything out of the ordinary on your statement, or if the terms have changed.

## 3. I pay my bills on time.

Late fees can be in the \$40 range, and one late payment can ding your credit score by as much as 100 points. If you're a procrastinator, travel, or are just plain unorganized, set up automatic bill paying to make sure you're never late with a payment.

## 4. I record each check I write, along with any ATM withdrawals.

Overlimit and Non-sufficient Fund fees can be as high as credit card late fees. Even if your financial institution allows you to exceed your balance, you'll pay a hefty price for that courtesy. Record all transactions and know where you stand at all times.

## 5. I do not max out my credit card limits.

Utilizing all of your available credit will likely backfire on you. Creditors like to see people responsibly manage their credit by using only 30 percent or less of what's available. Maxing out your cards could indicate that you're in financial distress and move you over into the risk category in the creditor's eyes. That could equal higher rates and lower credit lines moving forward.

## 6. I track my spending and know where my money goes.

You are relinquishing control of your financial future unless you have a keen awareness of your spending habits. Many people feel that having a budget would restrict them, but in reality a spending plan frees you to use your hard earned money exactly as you deem best. Track your spending for 30 days, organizing the results by category. Once you see your spending in black and white, it will put you in the financial driver's seat where you belong.

## 7. I have at least one month's income earmarked for emergencies.

Unanticipated expenses have been known to wreck the best of budgets. Without a rainy day fund, when the emergency arises, you have to either pay for it by charging, often adding to an already burdensome debt load, or grab cash from another area, thus neglecting that payment. Start by putting 10 percent of each paycheck into an emergency account. At the end of a year, you'll have a little more than one month's income stashed away, which will be a welcome safety net.

## 8. I have three to six month's income saved in the event I lose my job.

Job losses have affected almost every employment sector, thus no one is immune from the pink slip. The time to prepare is now. Without a paycheck, cash is indeed king. Accumulating this much money can seem like a daunting task. However, no one has ever regretted having significant savings to fall back on during hard times. Recognize that you're on a slippery slope if this element is not a part of your overall financial picture.

## 9. I have an annual insurance check-up.

No one should be over-insured or under-insured. The way to avoid this is to review your policies once each year with your insurance agent. Make sure that you understand exactly what is covered and what isn't, as the last thing you need in an emergency is a bad surprise. If you don't understand the lingo, ask for further explanation. Inquire about ways to save on your overall insurance costs without sacrificing coverage.

## 10. I have a well thought through plan for tomorrow, and am executing it.

People have short-term and long-term goals, and we need to plan for each. An example of a short-term goal is a summer vacation. Long-term goals are things such as a college education for your children and your retirement. Such financial realities cannot be ignored, nor will they take care of themselves.



Hopefully you found that you are in good financial shape, answering yes to each of the above statements. However, if you need assistance putting some components of this financial plan in place, know that there is help available. Reach out to a trained and certified credit counselor by calling the NFCC or visiting [www.nfcc.org](http://www.nfcc.org).

# Ways to Boost Your Credit Score



Every time you apply for a credit card, mortgage, car loan, or insurance, your application is judged in part by your credit score. Lenders use your credit score to determine whether to grant credit, and at what cost.

The higher the score, the more likely you are perceived to repay the credit. Consumers with scores less than 600 usually are seen as higher risk and may pay a higher interest rate or are denied credit.

Fortunately, you can take steps to boost your credit score. These tips can maximize your score and influence your credit-worthiness.

## 1. Be punctual.

Late or missed payments, foreclosures, and bankruptcies have the greatest negative effect on your credit score.

## 2. Check your credit report regularly.

Don't let inaccurate information ruin your credit score. Consumers are entitled to one free credit report per year from each of the three major credit bureaus (Equifax, Experian, TransUnion), which you can get online at [annualcreditreport.com](http://annualcreditreport.com). Even though the credit report is free, getting your credit score will cost extra. You can obtain

your credit score at [myFICO.com](http://myFICO.com), or from the individual bureau's websites, [experian.com](http://experian.com), [equifax.com](http://equifax.com) and [transunion.com](http://transunion.com).

## 3. Keep debt in check.

Try to keep your account balances below 50% of your credit limit. For instance, if your credit card has a limit of \$2,000, keep the balance less than \$1,000.

## 4. When shopping for a loan, submit your applications within a limited time.

If done in a short period of time, multiple inquiries on a credit report will count as one inquiry to a potential lender looking at your report. Excess inquiries strung out over a longer period, however, could negatively affect your credit.

## 5. Keep accounts open.

Time is one of the most significant factors that can improve your credit score. Closing old accounts—especially ones with a good payment history—shortens your credit history and lowers your score. Lenders take into account the average age of your accounts, so an older account can help balance newer credit.

## 6. Keep a healthy mix of credit.

This includes things like a mortgage, a credit card or two, a car loan, and perhaps a retail card. Omaha Douglas Federal Credit Union can help you acquire the mix you need.

## Borrowers Click into Trouble with Online Payday Loans

The payday lending industry is booming, and the Internet is contributing to its dramatic growth. What attracts many online borrowers is a loan process that entails just a few keystrokes, perhaps a fax, and no need to look someone in the eye and admit they're broke. In exchange for that convenience and anonymity, however, online borrowers must take risks that storefront borrowers don't.

Unlike a storefront payday loan, which normally requires a postdated check, an online loan application asks for all the personal information anyone would ever need to steal your identity. An online loan also requires that you give permission for the lender to access your checking account to deposit the loan and to withdraw fees and interest. Since it is in the lender's interest for borrowers to "flip" their loans as many times as possible, many lenders make it difficult for customers to pay off the loan and just keep dipping into their checking accounts to collect renewal charges.

Perhaps the biggest danger of any payday loan is the "debt-spiral" it triggers. According to the Consumer Federation of America and the Center for Responsible Lending, payday loans aren't the quick, one-time fix that lenders label them. In fact, 99% of payday loans go to repeat borrowers. At an annual interest rate of approximately 650 (accurate if you are talking about internet loans; would use 400% if you mean all payday loans)%, with most borrowers renewing their loans over and over again, many consumers end up paying thousands in interest and fees to keep a small loan of a few hundred dollars from becoming delinquent.

Consumer advocates agree that payday loans are among the very worst options for borrowers, and insist that even many consumers with a blemished credit history have alternatives.

To figure out what those options might be, contact a reputable nonprofit consumer credit counseling service (<http://www.nfcc.org>). In a typical session, a counselor will review your income, monthly expenses, and debt. Based on the numbers and other factors, the counselor will outline your options, which might include using other types of financing, reducing living expenses, increasing income, making special payment arrangements with creditors, or seeking legal advice.

The best way to avoid needing a payday loan is to save an emergency fund now, before you find yourself in a financial bind. Set up an automatic deduction from our paycheck to your Omaha Douglas Federal Credit Union savings account and you won't even miss the money. Then don't be tempted to withdraw it unless you have a real emergency. Do it today, and the money will be there for you when you need it.



If you've already taken out a payday loan and think you may be a victim of predatory lending practices or fraud, visit the Center for Responsible Lending Web site, which offers a tool to search for information about consumer protection laws and contacts in your state (<http://www.responsiblelending.org>).

## Holiday Closings

We will observe the following holiday schedule:

### **MARTIN LUTHER KING, JR. DAY**

Monday, January 17th

### **PRESIDENTS' DAY**

Monday, February 21st

## HOURS

### **MAIN OFFICE**

8251 West Center Road

**Drive thru** 8:00 am to 5:30 pm  
Monday through Thursday

7:30 am to 6:00 pm - Friday

9:00 am to noon - Saturday

**Lobby** 9:00 am to 5:00 pm  
Monday through Thursday

8:30 am to 5:00 pm - Friday

### **BRANCH OFFICE**

1819 Farnam Street Room 704

**Lobby** 8:30 am to 4:30 pm  
Monday through Friday

## Collateral Insurance

We have adopted a new collateral protection insurance program and will be conducting a file audit looking for proof of insurance on financed vehicles. If, during the course of the audit, we find that proof of insurance is missing from your file, you will receive a notice asking that you provide us with that information by contacting your insurance company and asking that they send or fax us a copy of the Declaration page of your policy. If you fail to provide the Declaration page listing the credit union as loss payee, a policy will be written and the premium added to your loan. This policy will not include liability insurance but collateral protection only.

We are sorry for any inconvenience, but feel this new collateral protection program will benefit our membership by decreasing the risk of loss due to lapsed insurance. Thank you in advance for your cooperation.



## Financial Discussions Between Adult Children and Aging Parents

Many aging parents hesitate to share vital information about financial affairs with their children. However, when aging parents become unable to make decisions, care for themselves, or die, adult children who are uninformed about their parents' possessions or desires will be ill-prepared to act on their parents' behalf. Initiate the discussion before a parent's physical or mental condition creates a crisis.

If parents initiate the discussion, they should reassure the adult child that they are planning ahead rather than responding to a particular medical condition. When adult children initiate the conversation, they might open by discussing friends who have faced difficulties when their aging parents failed to plan ahead.

Early conversations may focus on estate planning, while later conversations can provide details about insurance or investments. Who will serve as executor of the will or authorized representative for a medical power of attorney? Is there a list of all advisers--accountants, attorneys, and investment counselors? Where are important documents, including property deeds? Have the parents prepared a living will and medical power of attorney? The living will provides instructions to medical personnel if the parent is unable to make decisions about life support, while the medical power of attorney authorizes a family member or representative to make medical decisions on the parents' behalf. Contact financial institutions and insurance companies to verify and update joint owner and/or beneficiary information.

Make sure there's a will, covering all possessions intended for a specific recipient, and a letter of last instructions, which expresses personal wishes such as directions for the funeral service. Store the letter in an accessible location.



Finally, periodically review and update all financial plans and documents.