

THE CREDITOR

Memphis Municipal Employees Federal Credit Union

April
2010

Debit cards have different protections and uses that sometimes makes them not the best choice.

Just for You!!

Sometimes reaching for your wallet is like a multiple choice test: How do you really want to pay? While credit cards and debit cards may look almost identical, not all plastic is the same. It's important that consumers understand the difference between a debit card and a credit card. There's a difference in how the transactions are processed and the protections offered to consumers when they use them. And since a debit card is a direct line to your bank account, there are places where it can be wise to avoid handing it over -- if for no other reason than complete peace of mind. Here are a few places & situations where it can pay to leave that debit card in your wallet.

- 1. Online** "You don't use a debit card online," says a director of consumer periodicals for the Credit Union National Association. Since the debit card links directly to a checking account, you have potential vulnerability there. If you have problems with a purchase or the card number gets hijacked, a debit card is "vulnerable" because it happens to be linked to an account. And the \$50 liability protections don't relieve consumers of hassle: The prospect of trying to get money put back into their bank account, and the problems that a lower-than-expected balance can cause in terms of fees and refused checks or payments, should make some online shoppers reach first for credit cards.
- 2. Big-Ticket Items** With a big ticket item, a credit card is safer, says the National Consumer Law Center. A credit card offers dispute rights if something goes wrong with the merchandise or the purchase. In addition, some cards will also offer extended warranties. And in some situations, such as buying electronics or renting a car, some credit cards also offer additional property insurance to cover the item.
- 3. Deposit Required** This is where you want to use a credit card instead of a debit. That way, the store has its security deposit, & you still have access to all of the money in your bank account. With any luck, you'll never actually have to part with \$\$\$.
- 4. Restaurants.** Restaurants are one of the few places where you have to let cards leave your sight when you use them. The other problem with using a debit card at restaurants: Some establishments will approve the card for more than your purchase amount because, presumably, you intend to leave a tip. So the amount of money frozen for the transaction could be quite a bit more than the amount of your tab. And it could be a few days before you get the cash back in your account.

In many cases, it is more wise to use credit instead of debit. While you may want the money taken right out of your account, it may be safer to budget better with your credit card. See More Tips in the next issue! Be Safe & Wise!



Your Savings At The
Credit Union Are Federally
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Dig Out of Debt!

How might you start digging yourself out of debt? These tips may be just the start.

1. Stop adding to your debt. It's the only way to start reducing the total:



- Talk to your creditors — they may have options to help you make your payments and start reducing your debt. They may even be able to reduce your interest rate, which will reduce the overall amount you have to pay.
- Stop using credit cards for non-essential purchases — learn to say "no" when you don't have available cash.
- Consider a consolidation loan — but only if you can save on interest and avoid getting into more debt.

2. Cut back on expenses. You'll have more available to pay down debt:

- Be a smarter shopper — learn to love discount stores, wholesale clubs and coupons.
- Learn to negotiate — not every price is set in stone.
- Save money with barter — trade your talents for goods or services.
- Cut back on restaurants and other entertainment.

3. Find more money. Be creative:

- Hold a yard sale, get a part-time job — consider what you can do to come up with more money to pay off your debt.
- Use unexpected money such as gifts or tax refunds to pay down your debt.

**"Financial Life or Death" Workshop 9am,
April 17 @the Credit Union! Call to register!**

H Make certain your homeowners / renters insurance is enough coverage to replace the contents and the house. Replacement means rebuilding to its current condition.
O Please Make Sure!! Call your Insurance Company today!

TIPS!

10 More Ways To Save in 2010

Spending Less on the Things Your Family Needs!

These days, flashy living is out, and careful spending is in. Many people are discovering that, once they get used to living within their means, they're less stressed out by the economy. Here are 10 tips for saving money that can help you tackle the average family's biggest expenses: housing, transportation and food.

- 1. Refinance your mortgage.** Take advantage of lower interest rates. You could free up several hundred dollars for your family's budget every month.
- 2. Live green.** The average family spends about \$1,900 a year on energy bills. Save money by doing a home energy audit using the free calculator developed by the Environmental Protection Agency's Energy Star program (energystar.gov). Or use its referral service to find a professional home energy auditor.
- 3. Renegotiate your lease.** If you live in an apartment in a city where rental prices are dropping, your landlord may be willing to give you a better deal so you'll renew your lease.
- 4. Switch to public transportation.** Commuters who take buses and trains save an average of \$8,498 per year over drivers. The new economic stimulus package increased the transit benefit that employers can offer to workers from \$120 to \$230 a month. If your company offers this benefit, you can have this pre-tax money deducted from your pay to apply to commuting costs.
- 5. Carpool.** Sharing a ride with just one person can cut your driving costs dramatically, by shrinking your fuel bill and cutting wear-and-tear on your car. To calculate exactly how much you'll save, use the free calculator at RideSearch.com.
- 6. Telecommute.** For every day you work from home, you'll save on transportation costs, so this option is worth exploring if your employer offers it. Recent research on telecommuting showed that it can increase employees' disposable income by \$2,500 to \$11,000 a year. Some families save from \$1,500 - \$4,000 on day care by cutting down their commuting time.
- 7. Plan your meals before you shop for groceries.** It's easy to waste money on food you'll never use if you shop without a list and if you buy food that goes bad before you have a chance to use it. Be sure to look for coupons for products you use in your newspaper and online. Also, sign up for your supermarket's customer loyalty program, which may entitle you to extra savings.
- 8. Switch to store-brand groceries.** Private label foods are often 25 percent cheaper than name brands.
- 9. Plant a garden.** On average, families can get up to a \$500 return on their investment in gardening, after seeds and equipment are subtracted, says the National Gardening Association. Don't have a backyard? Try a container or window box garden.
- 10. Dust off your cookbooks.** The average family spends close to half of its food budget on meals away from home. Cooking at home can save you hundreds of dollars a year.

Take action. Put one of these tips into action each week for the next 10 weeks and you will be surprised at how much you can save.

Haven't Filed Taxes Yet! April 15, 2010 is HERE! Get together income information (for example, W-2 forms and 1099 forms) and deductions (real estate tax bills, charitable gifts, mortgage interest). Also gather the receipts for any energy efficiency improvements you made that qualify for a tax credit or a deductible contribution to a Traditional IRA. Go through your checkbook register, credit card statements, and other receipts to look for your deductible items. Get receipts and printouts from pharmacies and medical doctors and appointments. You should have everything at hand for less stress. You can crunch the numbers faster if you do the taxes yourself or have a neat package ready for your tax advisor.

Savings Tip #6

If money is tight, hold off on all non-essential purchases for seven days. You may find that you lose interest in some of them.

COMPLIANCE NOTICE !!!

The credit union may report information about your accounts to credit bureaus. Late payments, missed payments or other defaults on your account may be reflected in your credit report.

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