THE CREDITOR

July 2007

MEMPHIS MUNICIPAL EMPLOYEES FEDERAL CREDIT UNION

Paying off debt is easier …..
once you stop using your cards.

- Pay off your highest interest credit card debt first, making sure you avoid the "minimum balance trap." Because credit card companies make their money from interest payments, they purposely set those payments low so it will take you years to pay off the balance. Paying just a little more than the minimum can make a big difference.
- For example, assume you have a balance of $5,000 at an interest rate of 15% and you make the minimum monthly payments of 2.5% of the balance or $25, whichever is greater. It would take you 183 months to pay off the debt and cost you $4,395 in interest. However, if you were to pay an extra $150 each month, you would pay only $845 in interest over 27 months. This is a hypothetical example for illustrative purposes only.
- Consolidate your debt by transferring outstanding balances to lower-rate cards. These days, the competition between credit card issuers is so intense that you can often negotiate your interest rate. If you don't want to transfer your balances, chances are that your current credit card company will match the interest rate of a competitor. Just be aware that some of the low rates available these days are "teaser rates," which only apply during the first 6 to 12 months you have the card.
- Cancel your old cards so you won't be tempted to use them again. The most you need is two. And leave them at home unless you really need them.
- Set up a realistic payment timetable and stick with it. If you need to readjust your timetable, do so. If you have trouble, talk to a professional. The credit union is always ready to assist you. Stop by, or log on to www.mmefcu.org.

Uzell Garner Speaks….

Your Dream Vacation Awaits ….
and the Credit Union is
waiting to help you…...

Summer has arrived...and the Memphis heat is warming up. There's nothing like the sunset on the beach, or the bottom of the ocean as seen from a glass bottom boat. Maybe you haven't seen your dear aunt in awhile… or perhaps an amusement park is calling your name.

The credit union is just waiting to extend you a vacation loan to make your dream vacation a reality. We will help to budget your dreams. Some restrictions apply ,but chances are, your vacation is closer than you think. So let's get going—up, up, and away! Log on to www.mmefcu.org, call us, or stop by today !

Ever wondered where all of your money has gone?

You just might be surprised to see how much is spent meaningfully and how much is really thrown away. Take the time to find out, and you might find additional cash you have to pay off your debt sooner.

Start by keeping track of your typical expenses for one month or so, to find out where your money is going. Also, do your best to figure your unexpected expenses for a year's time -- auto and home repairs, gifts, vacations, etc. -- and divide that number by 12. You may want to use one of the personal finance software programs available to track your spending. Once you have a record of your spending for a month, compare your monthly outlay to your monthly income. If you have money left over after adding up your expenses and comparing it to your income, you have a surplus, which is the amount you can apply each month to pay down debt and build savings. If you have a shortfall, you'll need to cut expenses.

Make sure you monitor a typical month to get a true picture. It is better to allow too much expense rather than too little.

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Your Savings At The Credit Union Are Insured To

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.

How To Build Savings

A key to establishing good saving habits is to make saving even easier than spending. Here are some tips.

- ♠ Ask the credit union about issuing you an ATM card. Carry your card only when you really need it to make transactions, and withdraw only what you need for one week. Then you won't be tempted to take out cash for purchases made on impulse.
- ♠ Set up savings accounts with goals attached to them. Your savings account may be labeled "cushion" for emergency cash, or perhaps "expenses" for unexpected bills. You may even choose to have a savings account for "investments."
- ♠ Whenever you're paid, put only what you need to live on for one month (or two weeks, if you get paid every two weeks) into your checking account. (If you put more into checking, you'll probably spend it.)
- ♠ If you can, put money which equals one month's expenses into your savings account for unexpected bills. The idea is to build at least a small stash so you're less likely to use your credit card if your car needs a new tire.
- ♠ Begin building your emergency cushion by depositing a portion of each paycheck into your "cushion" savings account. If your goal is to have three months' living expenses, you could reach your goal in 30 months by saving 10% of each month's pay or in 15 months by saving 20%.
- ♠ Put whatever is left into your "investments" account, including found money such as birthday and holiday checks, bonuses, or money made from a garage sale. If you get a raise, put the difference into this account on a regular basis.
- ♠ If you still find it hard to control your spending when access to your savings is easy, ask your employer about direct deposit. You can have money taken from your paycheck and placed in a savings account automatically.

THE KEY IS TO SAVE, SAVE, SAVE...however you can. SAVE!

What Affects Your FICO Score and What You Can Do About It

Your FICO score is a measure of your credit rating — calculated from data contained in your credit report. Most lenders base their credit decisions (at least in part) on this score. Generally, the higher your score, the more likely a lender is to approve your loan and the more likely you may qualify for a lower interest rate.

There are five categories of credit data that influence your score in varying degrees: payment history (how timely you've been in paying on your accounts); amounts owed (the outstanding balances on your accounts and the percentage of each credit line you've used); length of credit history (how long your accounts have been open); new credit (the number of recently opened accounts); and types of credit used (the different types of credit relationships you have). Most FICO scores range between 350 and 850, with higher scores representing better credit risk. The higher your score, the more likely you are to get a lower interest rate on a mortgage or car loan. Your FICO score changes over time with all of your credit activity, and your actions can change your score.

Quick Facts About Identity Theft

According to a September 2003 Federal Trade Commission survey, identity theft is the fastest growing crime in America.

Almost 10 million Americans were victimized last year. This represents an increase of 41% over 2002. The cost to the U.S. economy in 2003 was nearly $53 billion. The average theft per victim is $17,000.

Identity theft can affect anyone, regardless of age, gender, economic status, or race.

According to a recent survey, 54% of those surveyed have 2 months or less worth of living expenses in savings as an emergency fund.

Many experts recommend having 3 to 6 months worth of living expenses set aside to cover an extended period of unemployment or other unforeseen financial problems.

Make saving a part of each paycheck a priority: See if you can have a set dollar amount directly deposited to your savings account by your employer. If you don't see the money, you won't be tempted to spend it. Think of it as paying yourself before paying anyone else!

Pay Extra and Save

You can eliminate debt and save money by paying more than the minimum monthly amount on your credit cards. The table below shows the difference between making an assumed $20 minimum payment on a $1,000 debt versus paying $40 a month.

	Total Payments	Months to Pay
$20/month		
6%	$1,126.97	56
12%	$1,353.43	67
18%	$1,783.97	89
$40/month		
6%	$1,025.24	25
12%	$1,103.28	27
18%	$1,199.00	29

Assumes a monthly compounding of annual percentage rate and that amount due (principal plus accrued interest) must be paid in full.