



Ku'i Ka Lono

The Quarterly Member Newsletter of Kekaha Federal Credit Union
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Tell your tax refund where to go

NEW IRS RULES—effective in 2007 for the 2006 tax year—allow you to split your tax refund and send direct deposits to as many as three different accounts with three different financial institutions. And the new rules apply regardless of whether you file on paper or electronically.

For many families, the opportunity to direct their refunds to as many as three accounts is an opportunity to build wealth. The average refund check for the 2005 tax year was about \$2,200. Even a portion of that would go a long way toward building an emergency cash reserve.

In the past, many filers sent the windfall directly to their checking account and spent it before the money could be transferred to savings. Split refunds are expected to boost the savings rate, which dipped below zero in 2005 and stayed in negative territory throughout 2006.

But don't limit yourself to savings accounts. You can direct your refund check to money market accounts, individual retirement accounts, health savings accounts, individual development accounts, and even Coverdell Education Savings Accounts.

Splitting your refund is easy. Use IRS Form 8888 to designate to which accounts—and in what

amounts—you want your refund disbursed. Be aware, though, that you have certain responsibilities:

- You must provide an accurate account and routing number for each account you designate to receive part of your federal tax refund. If there's an error, you'll receive a check for the entire amount of your refund.
- If you're designating only one account, use the direct deposit line on Form 1040. If you're designating two or three different accounts, fill out and attach Form 8888 to your individual filing form (1040, 1040A/EZ, 1040NR, or any of the 1040 series).
- If you're directing part of your refund to an IRA, it's up to you to check with the financial institution to make sure it accepts direct deposits to IRA accounts. Also, tell the IRA trustee the year you want the deposit credited (2006 or 2007) for. Make sure you don't exceed your annual contribution limit.
- You cannot direct your refund into accounts of others. You can direct your joint refund into joint accounts or accounts of your spouse.

For more information about split refunds, visit spiltrefunds.net.

Got goals?

Track your spending

YOU CAN'T MAKE progress on your budget goals until you know where your money is going. That means it's time to track spending.

Get a grip—Recruit the whole family to help keep track of all expenses for at least a week or two or longer if you can manage it. You'll see patterns and how routine mindless spending can mean death by a thousand cuts to your budget.

You may decide to use a small notebook and record each expense. Or you may prefer to use software such as Quicken or Microsoft® Money. It might work for you to col-

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Visit Our Web site
www.kekahafcu.org

Track spending

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lect all receipts and bills as you pay them. Whatever your choice, try to be consistent and pick a system you think you'll use and not abandon.

If that sounds too taxing, try this: Collect all your receipts for several days, then review each receipt. Put a plus sign or minus sign next to each expense—plus for on-budget, within your goals spending, and minus for off-budget, working against your goals spending. One red flag: being unable to even recall making a purchase.

Get a goal—You also won't make much progress unless you're monitoring spending for a reason—weighing your expenses against a larger goal or goals.

Give whatever tracking exercise you use a rest for a month and then repeat it. Do you see improvements? Or have the leaks just shifted to other categories? Use credit union tools—direct deposit and automatic deposits into savings—to help you keep your eyes on the prize.

The money experts at Kekaha FCU can help you review your budget or refer you to other community professionals who can help.

WANTED



Bring Us Your No-Account Relative

Everybody has one ... and we'd like yours to become a credit union member.

If you have family members without credit union accounts, let them know they're eligible to join. They'll receive all the member benefits you already enjoy.

How to pick the right card for college

ARE YOU COLLEGE-bound? You've heard it before and you'll hear it again: Stay away from the credit card solicitors on campus. Why? Some hard-selling credit card solicitors on college campuses entice unsuspecting students into signing up for credit cards that may not be suitable or worse, may carry high interest rates and fees

But, if you're looking to build a positive credit history and increase personal responsibility and inde-

pendence, a credit card may be right for you.

There is no perfect one-size-fits-all credit card, so make sure you pick the card that suits your spending habits. How do you plan on using the credit card? Will you be paying your bill in full each month, or will you carry a balance? These are important questions to ask yourself before you find the card best suited to you.

- If you pay in full each month: The interest rate won't matter

as much, so take advantage of a card that offers rewards. Some student cards give you points for purchasing books, gas, or even groceries. Also be sure to look for a low or no annual fee.

- If you're going to carry a balance: Make sure to find a card with a low APR (annual percentage rate), the interest rate charged if you carry a balance. Many cards offer introductory rates of 0% for the first

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Scholarship deadline coming soon!

I F YOU ARE a qualified graduating high school senior and a member or within the field of membership of Kekaha FCU, scholarship money is available to you! But you need to get your application in right away – the deadline is just around the corner.

Applications are available at Kekaha FCU and Waimea High School. If you already have your scholarship application, remember the deadline to deliver or mail it to Kekaha FCU is May 1, 2007.

Scholarship applicants:

- must be a member or within the field of membership of Kekaha FCU;
- must be a graduate of a recognized high school or be graduated from one within four months of the date the application is submitted;
- must qualify for entrance to an undergraduate university, college, or technical school in the United States through entrance examinations or otherwise for the fall term of the year the application is submitted; and
- must be of sound mind and good character and intent on pursuing higher education.

An appointed committee of Kekaha FCU members will select the individual to be awarded the scholarship together with an alternate.

Scholastic grades, school and community activities, citizenship, and character will be considered in awarding the scholarship. Selection will be announced by May 15, 2007.

What grads need to know about money

T HE MAJORITY OF high-school and college graduates are ill-prepared to handle the basics of financial management. Everything from credit cards and loans to simple budgets puzzle young consumers, even educated ones. Some experts propose state legislation requiring students to take a personal finance course by the time they graduate from high school. Until then, it's parents' responsibility to teach their kids financial basics and help them make the right choices.

These are key money skills young grads need to know:

- **Track spending.** Write down everything you buy for a month to see where and how much you're spending.
- **Budget.** Look at your income and spending habits. Allocate for weekly needs, wants, and impulses within your budget. Surprises happen, so let yourself break the budget. Just remember to make up for it in the coming weeks.
- **Use your checking account to help budget and track income and spending.** You need to know how to write a check, how to keep a check register, and when to balance your account. Remember there are consequences for overdrawing an account.
- **Remember, credit cards are convenient but risky.** Credit means you're borrowing money to repay from future income. Credit is a cost, and making the minimum payments will cost you even more. Credit cards are accepted universally and are good to have in emergencies. They also help establish credit history, so make sure to set personal limits and stick to them.
- **Develop good consumer skills to make money go further.** Buy necessities wisely and practice comparison shopping by looking online.
- **Don't be afraid to ask for help.** Mom and Dad, your R.A. (resident advisor), or even a friend can help you sort through your bills and get on the right track.

The right card

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six months. If you don't have a credit history, you might have to settle for a card with an interest rate around 16% to 17%. You'll do best at your credit union.

At Kekaha FCU, you can get a Visa Classic credit card with a low 10.99 percent (APR) or a Visa Platinum credit card at an incredible 9.9 percent (APR) with no annual fees.

Make sure you know whether the card has a grace period—otherwise known as a “free period.” This is the time in which you have to pay the bill before the interest-rate clock starts ticking—if you do not carry a balance. If your grace period is zero days, you pay interest from the moment you make a purchase, whether you carry a balance or not.

Finally, it's important to read the fine print before signing up for any credit card. Watch for hidden fees—some cards require that you maintain a balance on the card or you'll be charged a fee. And create a realistic budget so you can stay out of debt.

Contact Kekaha FCU at 337-1433 or visit us at www.kekahafcu.org. We've got a card that will suit your needs.



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 Hours:
 Mon-Fri
 8:00am - 4:00pm

Scot Tsuchiyama
 Manager/Treasurer

Owen Moe
 President



Annual meeting moments...

MAHALO TO ALL members, volunteers, and staff who made Kekaha FCU's annual meeting a success!

A Hawaiian buffet was catered by Obsessions Cafe.



Staff greets members who arrive at the Waimea Theater for dinner, the annual meeting, and the movie "The Pursuit of Happyness" starring Will Smith.



...and door prize winners!

Maxima Guirao and granddaughter Courtney with their \$25 prize.



Judy Kobota and Yoshio Matsukawa were happy \$100 winners.



Julie Alvarez had \$75 worth of reasons to smile.



Grand prize winner Dominic Acain took home a \$500 travel voucher.

