



The Quarterly Member Newsletter of Kekaha Federal Credit Union
December 2008

Kekaha FCU VITA site wins first in national Dora Maxwell Award Program

KEKAHA FCU WON a national first place award in the Dora Maxwell Social Responsibility Recognition Award Program for credit unions. The Social Responsibility Recognition Award Program, sponsored by the Hawaii Credit Union League and the Credit Union National Association (CUNA) honors credit unions for their involvement in community projects and activities.

Kekaha FCU partnered with Aloha United Way and the Internal Revenue Service to participate in the Volunteer Income Tax Assistance (VITA) program after its board determined the VITA would positively impact members and nonmembers in the community. One goal of VITA is to help low-income individuals claim the Earned Income Tax Credit (EITC). This tax credit helps people gain independence from government assistance and become productive members of society. The EITC is based on family income up to

\$40,000 per year; the average family income in Kekaha is \$39,680.

The IRS made 38 tax returns the standard by which a VITA program is deemed a success. Although this was first year Kekaha Federal Credit Union was involved with VITA the credit union was able to surpass its IRS goal by filing 108 tax returns for the year worth \$83,862.00. Twenty-six of these tax returns qualified for the EITC worth \$41,666.00 to the 26 filers.

Kekaha FCU's winning entry competed with other projects from credit unions in the same asset category nationwide. The credit union will be honored at a special

reception during the 2009 CUNA Governmental Affairs Conference in Washington D.C. in February.

Kekaha FCU previously won a national first place award in 2005 for its partnership project with Kekaha Elementary School.

The competition is named after Dora Maxwell, a credit union pioneer, who worked with several organizations to improve the living standards of the poor and needy.



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www.kekahafcu.org

Six Rules for Managing Credit Card Debt

IF YOU WANT to be the master of your credit card debt load, follow these key rules:

1. Take inventory. How many credit cards do you have? What's the balance and minimum monthly payment on each? What's the total balance? If it's more than you thought or can afford, it's time to pare down.
2. Check out the cost of your credit cards. What's the interest rate on each card? What's the annual fee? Does your card offer a grace period? If the card doesn't have a grace period, or if you carry over a balance, or take a cash advance, you're usually charged interest right away.
3. Get one low-fee or lower-interest card and use it wisely. Make Kekaha Federal Credit Union your first stop when starting your search. Check to see if you can transfer existing debt from your various credit cards to your Kekaha Federal Credit Union credit card.
4. Make the largest monthly payment you can afford. Even though you may not be able to pay your balance in full, paying the monthly minimum may do little more than cover the accrued interest.
5. Watch out for "teaser rates." Your mailbox may be brimming with unsolicited credit card offers that promise attractive low-interest rates. But if you read the fine print, you'll see that after six months or so the issuer may double the low introductory rate.

1 Year Term Certificates*

3.25%

*Annual Percentage Rate
(Rates good as of March 31, 2009.
Dividends declared and posted on
the last day of each quarter.)

Your savings federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government

NCUA
National Credit Union Administration, a U.S. Government Agency

6. If you get in over your head, don't bury it in the sand. If you're having trouble making your monthly payments, contact your creditors before they contact you. If you're already screening calls from bill collectors, or refusing to open your mail, you need help. Contact Kekaha Federal Credit Union at 337-1433, or call the Consumer Credit Counseling Service at 800-873-2227, a nonprofit organization offering financial counseling, debt management, or educational services to consumers.



Paying Off High-Rate Credit Cards Pays Off

IT'S NOT UNUSUAL for borrowers to take 20 to 30 years to pay off a mortgage, but imagine making payments that long to pay off a big-screen TV or summer vacation. The television may not last as long as the payments; the tan's gone in a matter of weeks.

Yet long-term credit card bills are reality for cardholders paying only the minimum payment, typically 3% or 4%, on hefty bills.

While a credit card offers you a slew of benefits, don't pay more--or longer--for convenience than you have to.

The fact is, if you're like most credit union member cardholders you do carry a balance from month to month.

Say you have the typical average credit card balance of those members carrying a balance from

month to month (\$3,000), and figure monthly payments at 3% of the balance with a \$25 minimum monthly payment, and without adding any other purchases. It'll take you 11 years to pay off the balance and you'll pay \$2,495 in interest charges if you choose a high-rate (18%) bank credit card over Kekaha Federal Credit Union credit card.

If you make \$100 monthly payments, it'll take you nearly three and one-half years to pay off the \$3,000 balance and you'll pay \$1,016 in interest charges.

If you make a \$257 monthly payment--the average monthly payment of credit union members carrying a balance--you'll make those payments for a little more than one year before paying off the \$3,000 balance and it'll cost you \$323 in interest charges.

Choosing a lower-rate card, say at 14%, makes a noticeable difference. For the person making minimum monthly payments, as in the first example, the lower rate cuts about one and one-half years off your pay-off time and almost \$900 off your interest charges.

So take advantage of all that credit cards have to offer, but don't let issuers with high-rate cards take advantage of you. Get all the perks and the best deal by choosing our low-rate credit card.



Basic Steps to Financial Fitness

YOUR FINANCES and the decisions you make about them change over time and are different from your neighbor's, your boss', or your parents'. Still, some broad guidelines may help you get a handle on your financial plans.

* For mortgages, lenders expect your payments to amount to no more than 32% of your monthly gross income (income before taxes, Social Security, and other deductions). Another method says that your PITI--the phrase for principal, interest, property taxes and insurance--plus your total long-term debt (say, for car payments, college loans, installment payments) should not exceed 38% of your gross income.

* How much should you be saving? The conventional wisdom is to accumulate three to six months' take-home pay (income after taxes, Social Security, and other deductions) in a liquid savings vehicle. That can take time to build up, and you may need to

raid your account even while you're adding to it. Still, if you consistently put aside 5% of your take-home pay, using payroll deduction, you'll reach your goal.

* For long-term retirement savings, at minimum put a percentage into your 401(k) that equals what your employer will match. Anything less and you're actually giving up free money. Ideally, contribute the maximum your employer allows, typically 15%, into your 401(k). Can't

swing that much while you're saving for your child's future education expenses? Keep this in mind: You can borrow to meet higher education expenses, but you can't borrow for retirement expenses.

Talk to the professionals at your credit union to learn about all the services available to help you meet your goals.



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What Do You Value?

nice home...new car...family...community...

Credit Unions share
your values and help
you achieve a better
way of life.



Credit Unions:

Have higher returns on savings.
Offer lower loan rates.
Provide financial education.
Empower communities.
Savings are federally insured by the National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000 per account. NCUSIF is backed by the full faith and credit of the United States government.

Hawaii's Credit Unions:

A Better Value for a Better Way of Life

High school seniors! Apply now for a college scholarship

IF 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 April 30, 2009.

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.
- A committee composed of appointed members of Kekaha FCU will select from among the applications 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, 2009.

71ST Annual Dinner

71st ANNUAL MEETING of Kekaha Federal Credit Union will be held at Wong's restaurant in Hanapepe on February 13, 2009. Festivities to start at 6:00 p.m. with dinner to follow. Cost is \$10.00 per person