

THE MONEY WIRE



Leyden Credit Union

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Quarterly newsletter
Summer 2011

Intro Rates, Miles, & Cash Back

Is Your Credit Card's Rewards Worth It?

READ A CREDIT CARD'S DISCLOSURE BEFORE YOU APPLY

Some credit card companies offer incentives to use their cards, such as offering miles or cash back. While it is great to be rewarded, your rewards may actually be costing you. If you do not pay off your credit card each month, it may be better to go with a low interest rate card than with a higher interest rate card with rewards. LCU offers two Visa Credit Cards with low interest rates: our Visa Gold is at a 9% APR while our Visa Classic is at 13.8%.

As for the "miles" reward program, for each credit card purchase, you may earn a "mile" for each dollar spent. If you accumulate 25,000 miles, for example, you will be able to get a "free" airline ticket which may be valued at \$400.00. This is great if you payoff your card each month. But what if you don't?

According to IndexCreditCards.com, the average consumer credit card rate, overall market, is 16.76%. Let's say you have a \$5,000 balance you hope to payoff in 2 years. You will be paying \$921.71 in interest over two years. With an LCU Visa Gold at 9%, your total interest is \$483.42. In addition, some cards with rewards miles have annual fees anywhere from \$25 to over \$100. If you add \$100 (2 years x \$50) to the rewards card interest, that's a total of \$1,021.71. With an LCU Visa Gold, if you would have paid \$400 for your ticket, plus the \$483.42 in interest, your total would be \$883.42, which means you'd be up \$138.29. **Also, LCU has no annual fee!**

We realize that this is a simplistic example and credit cards are not usually paid off in a 24 month repayment term without any further purchases on the credit card. But even in this example, the LCU card is going to be your better option.

When we get into a "usual" credit card scenario in which the balance rises and lowers due to purchases and payments, the LCU cards look even better because your savings aren't limited to a 24 month time frame. The savings that you get from a LCU card stays with you as long as you have the card.

As for the cash-back rewards, you should also determine if it is worth it. With some card issuers, the cash back is 1% on all purchases and some frequently have cards that pay 3-5% cash-back at grocery stores, drug stores, restaurants, and gas stations.

If you charged \$20,000 in one year, your cash-back reward would be \$200 with the 1% rate. However, if you have a card with a high interest rate and if you carry a balance each month, it might be in your best interest to transfer your balance to an LCU Visa Card with the low interest rate. It is very possible that the amount you'd save in interest would be greater than the amount you would have earned in cash-back rewards.

According to CreditCards.com, the average credit card debt per household with credit card debt is \$14,743 and as we already know, the average consumer credit card rate is 16.76%. It should be safe to assume with the average balance you would fair much better with an LCU Credit Card at 9% than a rewards card at 16.76%.

There are other things to watch out for with the credit cards, such as **Teaser Rates**. You may be offered a low interest rate for a period only to find your rate go up after that period. With some cards, if your payment is late, exceed your credit line, or make a payment that is returned unpaid, your rate will change to a **Penalty APR**, with some as high as 29.99% and that rate could go on indefinitely. **LCU does not have a penalty APR.** And finally, some credit card companies have **Transaction Fees** where they charge a fee for Balance Transfers and Cash Advances. **LCU does not charge these two fees.**

In short, if you can pay off your card each month, then a card with rewards may make sense. If you do carry a balance, we suggest that you look closely at your rate and disclosure to make sure that your rewards are not actually costing you. With LCU's Visa Credit Cards, **our low rates do not change** and our fees are generally lower. Do you want a direct comparison? Check the following page on an offer we just received and we compare it to the LCU Visa Credit Card.

If you're interested in transferring a balance over, then now is the time! **For July and August of 2011, LCU is offering a cash rebate reward of 2% (up to \$100) into your account when you transfer a balance from any other card over to an LCU Visa Card!**

Make Sure You Read the Fine Print on Those Credit Card Offers

Recently, a staff member received some credit card offers in the mail. At first glance, they look great. One of them is offering 1% cash back on all purchases. Both of them are offering an introductory APR of 0%. However, after reading the Pricing Information (see below) and the fine print, you may find out that the offers are not as good as you originally thought.

You really need to be aware of how long your introductory rate is, what the new APR will be after the introductory rate period is over, and what the Penalty APR is. Looking at the Pricing Information comparison below, the 0% rate from national card issuer (NCI) #1 is for a year and for NCI #2, it is less than a year. After that, NCI #1 is at 9.99% and NCI #2 starts at 17.9% and for both the "APR will vary with the market based on the Prime Rate." In short, with a variable rate APR, you do not know what your rate will be each month. Furthermore, both have a stiff Penalty APR. If you have a late payment, exceed your credit limit, or make a payment that gets returned unpaid, NCI #1 will slap a 29.99% Penalty APR on you! Furthermore, the Penalty APR will last indefinitely. All it takes is one late payment and your 0% APR sky-rockets to 29.99% forever.

As far as LCU's Visa Gold Credit Card is concerned, the rate is fixed at a 9% APR. This rate does not change, it is not a variable rate, and it is not an introductory rate.

Fees are also something to consider with credit cards. Take a look across the board. The LCU Visa Gold Credit Card is better than or equal to the other cards in each category.

If you're going to open a new credit card, please make sure you read all of the fine print. On the back side of the NCI #1 application, nearly 1/3 of the page was filled with fine print about the offer.

If you're looking for a simple, low interest rate credit card, please consider our LCU Visa Cards. Also, if you're interested in transferring a balance over, then now is the time! **For July and August of 2011, LCU is offering a cash rebate reward of 2% (up to \$100) into your account when you transfer a balance from any other card over to an LCU Visa Card!**

INTEREST RATES & INTEREST CHARGES	NATIONAL CARD ISSUER (NCI) #1	NATIONAL CARD ISSUER (NCI) #2	LCU VISA GOLD
Annual Percentage Rate (APR) For Purchases	0% Intro APR thru 6/2012. After that, 9.99% . APR will vary with the market based on the Prime Rate.*	0% Intro APR thru 3/2012. After that, APR will be 17.9%, 19.9%, or 22.9% , based on your creditworthiness. Will vary with market based on the Prime Rate.	9% Doesn't Change
APR for Cash Advances	19.24% . APR will vary with the market based on the Prime Rate.**	24.9% . This APR will vary with the market based on the Prime Rate.	9% Doesn't Change
APR for Balance Transfers	0% Intro APR thru June 2012. After that, 9.99% . APR will vary with the market based on prime rate.*	17.9%, 19.9%, or 22.9% , based on your creditworthiness. Will vary with the market based on the Prime Rate.	9% Doesn't Change
Penalty APR & When It Applies	29.99% , will vary with market based on Prime Rate.*** Penalty APR will be applicable to your account if you: >Fail to make any Minimum Payment by due date; >Exceed your credit line (if applicable); >Make a payment to Card issuer that's returned unpaid; >Or do any of above on another account/loan. How Long Will Penalty APR Apply: INDEFINITELY.	29.4% . This APR will vary with the market based on the Prime Rate. This APR may be applied to your account if you make a late payment. How Long Will The Penalty APR Apply? If APRs are increased for a payment that is more than 60 days late, the Penalty APR will apply indefinitely unless you make the next 6 consecutive minimum payments on time following the rate increase.	None
FEES			
Annual Fee	None	\$39	None
Transaction Fees			
>Balance Transfer Fee	\$5 Or 3% of amt. of ea. trans., whichever is greater.	None	None
>Cash Advance Fee	\$10 Or 3% of the amt. of ea. trans., whichever is greater.	\$10 or 3% of the amt. of each cash advance, whichever is greater.	None
>Foreign Transact'n Fee	3% of each transaction in US dollars	N/A	1% of each
Penalty Fees			
>Late Payment Fee	Up to \$15 if bal. is less than \$100; Up to \$25 for bal. from \$100-\$249.99; Up to \$35 for bal. of \$250 & up.	Up to \$35 .	Up to \$25
>Over-The-Credit-Limit Fee	None for Signature; Up to \$35 for Platinum	Up to \$29 .	None
>Returned Payment Fee	Up to \$35	Up to \$35 .	Up to \$25

*NCI will add 6.74% to the Prime Rate to determine the Purchase/Balance Transfer APR.
**NCI will add 15.99% to the Prime Rate to determine the Cash/Overdraft Advance APR.
***NCI will add 26.99% to the Prime Rate to determine the Penalty APR. Maximum APR 29.99%.

LCU Thanks Members With Member Appreciation Day



LCU Chairman of the Board Rob Hjelmgren awards LCU Scholarship winner Kristen Hamilton her check.

We held our annual Member Appreciation Day on Friday, June 3rd. It was in front of the credit union building from 10:30 a.m. – 6:00 p.m. Members were treated to a complimentary cookout where we went through about 100 hamburgers, 80 hot dogs, and 120 bags of chips. In addition to the food, a bags game (bean bag toss) was set up for anybody who wanted to play and at the end of

the day there was an acoustic guitarist / singer performing unplugged for the members.

LCU Chairman of the Board Rob Hjelmgren was on hand to award LCU Scholarship winner Kristen Hamilton her check.

If you were there or not, we want to thank all of you for being members! If it wasn't for you, we would not be here. Thank you again.

The Sprint Credit Union Member Discount Plan

Sprint
The Now Network™

- 10% off most regularly priced Sprint service plans
- Waived fees on new activations and upgrades

Click www.SprintSave4CU.com.
Call **877.SAVE.4.CU**.
Visit **your local Sprint retail location**.

Just tell them you're a Credit Union Member to get this exclusive discount.

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Car Shopping? Buy Happy!

an average of **\$4,257*** OFF MSRP!

SAVE

Save on Used Cars Too!

CarQuotes.com

Call **800-500-7010** to save money now!



WHY ARE THESE MEMBERS SMILING?

Because they saved \$4,800 with the Credit Card Clunker Loan!

LOAN AMOUNT \$2,487.25*

	APR**	Total Amt.	Repay Length
w/CREDIT CARD	29.99%	\$7,523.00	20 Years
w/CLUNKER LOAN	9%	<u>\$2,668.02</u>	1.5 Years
SAVINGS		\$4,854.98	

\$4854 SAVED

9% APR

*Assuming the card holder does not make anymore purchases and only pays off the minimum balance each month. **APR=Annual Percentage Rate. Payment per \$1,000 owed is \$45.69 on term of 24 months.

Have LCU pay off your high interest rate credit card & get an LCU Clunker Loan with a fixed 9% APR to payoff the balance.

- FIXED INTEREST RATE, FIXED PAYMENT AMOUNT
- PAY LESS INTEREST OVER THE LIFE OF THE LOAN



CREDIT CARD CLUNKER LOAN • PRE-APPLICATION FORM

SUBMIT THIS FORM AND A FINANCIAL SERVICES REPRESENTATIVE WILL CONTACT YOU FOR FURTHER ASSISTANCE.

Account # _____ Member Name _____ Phone # _____

Credit Card Issuer (i.e., Chase, Discover, Capital One, etc.) _____

Card Balance \$ _____ Monthly Payment \$ _____ Card Interest Rate (APR) _____ %

Applying for (Check One):

- Single Credit
- Joint Credit

Primary Member Signature

Joint Member Signature

SUBJECT TO QUALIFICATION. RESTRICTIONS APPLY. A FULLY COMPLETED LOAN APPLICATION WILL BE REQUIRED. APPLY ONLINE AT WWW.LEYDENCU.ORG

SAVINGS RATES

Regular Shares.....	.501% APY*
Holiday.....	.602% APY*
IRAs (passbook).....	.602% APY*
Tiered Money Market773% APY*
Premier Share Draft100% APY*

Call the credit union office, LAURA or check our Home Page for up-to-the minute Certificate Rates.

*Annual Percentage Yield

Rates as of 6/30/11. All rates subject to change without notice. For current rates, please check our website at www.LeydenCU.org or call LCU at 847-455-8440.

LOAN RATES (For Qualified Buyers All Discounts Included)

Share Secured: as low as 4.50% APR†	New Auto Loans: as low as 3.90% APR†	VISA® No Annual Fees 25 Day Grace Period Summer & Holiday Skip-A-Pay
Signature Loans as low as 8.75% APR†	Used Auto Loans: as low as 4.90% APR†	Classic/Gold Share Secured 8.88% APR†
Variable Rate Home Equity Line of Credit 4.00% APR† <small>Floor is 4.00%</small>	<small>† Annual Percentage Rate. Rates as of 6/30/11. All rates subject to change without notice. For current rates, please check our website at www.LeydenCU.org or call LCU at 847-455-8440.</small>	Gold 9.00% APR†
		Classic 13.80% APR†

Summer Specials

Vacation Loan

Available through July 31, 2011
 2% Off Your Qualifying Rate
 For 12 Months

2% Balance Transfer

Receive a 2% cash back reward (up to \$100) into your Leyden account when you make a balance transfer from any other credit card to a Leyden Visa Credit Card.
 Available through August 31, 2011.

LCU Membership

Once a Member, Always a Member

As you may know, membership to Leyden Credit Union is open to anybody who lives, works, or worships in the following townships: Leyden, Addison, Elk Grove, Lyons, Maine, Proviso, and York. Family members are also welcome to join. Please remember, "Once a Member, Always a Member." If you are moving or changing jobs, you can still be a member.



 **NCUA**
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Office / Drive-Up Hours

Monday, Tuesday, Thursday:	8:30 a.m. – 5:00 p.m.
Wednesday:	10:00 a.m. – 5:00 p.m.
Friday:	8:30 a.m. – 6:30 p.m.
Saturday:	8:30 a.m. – 12:30 p.m.

Holiday Closings

LCU will be closed the following dates:

Monday, September 5 - Labor Day

Monday, October 10 - Columbus Day