

MAKING WAVES

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AACUC 9th Annual Conference in Baltimore



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August 8th kicked off an exciting week for the AACUC 9th Annual Conference in Baltimore, Maryland. The conference was packed full of interesting sessions with excellent speakers such as Nancy J. Lewis, The Honorable Elijah Cummings, and Rodney Hood. The sessions discussed topics ranging from Risk Mitigation to Dress for Success. This event was a great opportunity for all existing members and new members to receive great information that would add value to their careers while letting them take in the

spectacular sights of Baltimore's Inner Harbor.

This year, three interns earned a trip to the AACUC Conference. Scholarship recipients Brianna McPherson, Jerome Frederick Jr., and Cedric Jefferson were accompanied by several interns. During the conference, all the interns assisted conference attendees by working at the registration table, touring the Reginald F. Lewis Museum, assisting the Bid Whist tournament, helping vendors at exhibits, and hosting the reception at the World Trade Center. The conference gave the interns the opportunity to network with professionals in the Credit Union industry and learn how to succeed in their future careers. They also were able to meet the out of town interns and compare their experiences.

During the third day of the conference, the scholarship recipients were each presented with a \$2,000 Pete Crear Scholarship. Afterwards they joined the rest of the attendees at the Pete Crear Lifetime Achievement Awards Dinner to honor Tawana Y. James, Director of the Office of Small

Credit Union Initiatives and Alonzo Swann, III, Regional Director of the National Credit Union Administration's Region III. The Pete Crear Lifetime Achievement Award recognizes credit union professionals or volunteers whose careers best embodies the mission of the African-American Credit Union Coalition.

The interns had a chance to woo the crowd at the AACUC Intern's Perspective. Kenneth-Anthony Clarke, Tolulope Folayan, Bogale Fantaye, Marielle Edwards, Latoya Thomas, and D'Myrian Frederick spoke about their summer experience and what skills they developed from this opportunity. Their gratitude to the AACUC for this wonderful opportunity was expressed in each and everyone of their speeches. Their heartfelt words showed once again the importance of the AACUC Internship Program to the development of the interns' careers.

SPECIAL POINTS OF INTEREST:

- ◆ Article on Buying your first home
- ◆ Tips on how to save your money
- ◆ Learn how to select a credit card



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Harbor Court Hotel

How Much Do You Know About Buying A House?

“Risk comes from not knowing what you're doing.”

–Warren Buffet

As young people, there are two big purchases many of us will make: buying our first home and buying a car. Lots of people have their views on buying a house. All too often we race to lease an apartment without knowing all the facts and benefits that come with buying a house. In the August edition of Black

Enterprise there was an article on buying a home informing readers on what they should look out for.

Back in 2006, African-Americans had a 48.2% rate of homeownership. According to the Black Enterprise article there are two important reasons for homeownership: the equity in a home is the largest asset most people have and homeownership encourages owners to engage in sound financial decisions in their investment decisions, credit management, and retirement plans.

The question becomes where do you start? To answer this question you need to look into your financial history. That means checking your credit and savings, but is that all? Of course not, you need to know what steps will increase your chances of buying a home.

Black Enterprise listed 10 things you need to know in order to prepare for purchasing a home, such as:

- Checking your credit
- Knowing your income

- Knowing how much house you can afford
- Using a professional
- Researching the housing market

do not have good credit, don't worry you too can buy a house. To improve your credit scores try to pay your bills on time and keep your available balance on your credit card under 30%.

You need to know your true income. Compile an itemized list of your monthly income (monthly pay, interest earned on investments, and any money you may receive during the month), fixed expenses (car payment, child care, and utility bills), and variable expenses (credit card payments, cell phone bill and groceries). Then subtract your fixed and variable expenses from your income to get the amount left to see how much money you have available.

This method can also help determine if you are over spending and in what area to decrease your spending. Based on the amount from your calculations, you can determine how much mortgage you can afford. Having that in mind, you can get pre-approved for a mortgage to see how much house you can afford. It is always best to know the how much you can afford before you go looking for a house. There is no greater disappointment than finding a house that you love and not being able to afford it.

Next, do research on the housing market. This step is essential because it allows you to review different neighborhoods, homes, and price ranges. Once you have selected some areas, check out the crime rate, school system, and transportation. Did you know



- Knowing the amount of mortgage you feel comfortable with
- Researching buyer programs in your area
- Having a home Inspector
- Being prepared for closing
- Saving

It is very important when trying to purchase a house to maintain a strong credit score. You can get a free credit report annually from the three credit bureaus: Experian, Eqifax, and TransUnion. Having a strong credit score will aid you in qualifying for a mortgage and lowering your interest rate. If you



a good school district will increase the value of your home? To find this information about the schools and neighborhood values, visit the following websites: www.schoolmatters.com , www.zillow.com, and www.propertyshark.com .

After selecting your area of interest, go to homebuyer workshops to learn about the different types of mortgages and first-time buyer programs, that offer assistance on down payments and closing cost. You may want to research other assistance programs from government agencies

like Fannie Mae, Ginnie Mae, and HUD. So before you decide on a mortgage, look for home buying programs that can assist you on this important investment.

Last but not least, save as much as possible. It is recommended that you save three months of your salary before buying a house. Remember the calculations you made in the previous paragraphs? Use that information to help save for moving cost and emergency funds. The average closing cost is about 3% to 5% of the purchase price and the down payment is 5% to 20%. The

more money you save the better prepared you are for purchasing your first home.

Because this is one of the biggest purchases you will make, why not be prepared with the right information to help you succeed. Knowledge is important and the more you know the more you can benefit from the rewards of buying a home. Now how much do you know about buying a house?

Saving for A Lifetime



In July, the interns participated in a financial literacy conference call with Mr. Adrian Johnson, Vice President and Treasurer of MECU of Baltimore and Mr. John Godwin, Vice President of Business Development at MECU. Mr. Johnson and Mr. Godwin discussed credit and how it affects your life, tips for keeping it in good standing, good investment tools, saving tactics, why it is important to save, as well as good additional financial advice.

They also went over the eight steps to financial success, which consists of:

- Invest in your dreams
- Use your human resources (network)
- Have a financial plan
- Reduce your Debts
- Own your own home
- Insure your dreams
- Invest in the stock market
- Own a business

Let's focus on saving. Becoming knowledgeable on saving techniques will benefit you in the long run. A lot of us are not considering what we are going to live off of after we retire. Did you know there is a strong possibility that you will not have any social security when you retire? While there is still time, we need to start planning for the future. There is no better time then today to

start saving. If you adopt some good savings techniques, you can avoid the hassle of wondering where you will get the money.

There are several ways to save. You can open a savings or money market account with a credit union or bank, invest in a 401k plan, open an IRA, and invest in stocks and mutual funds. Let's examine each one.

When saving money at a credit union or bank, research rates to find which institution will give you the highest rate for your money. The goal of a savings account is to save and earn interest on your money. This should be money that you do not plan to use on a daily basis. You can also open a money market account that is similar to a saving account. The difference between the two is the money market earns more interest because the rates follow market rates and your money is less accessible. Before opening these accounts, research the financial institution

"You cannot motivate the best people with money. Money is just a way to keep score. The best people in any field are motivated by passion."

– Eric S. Raymond

“Plan for the unplanned and you'll level out the ups and downs of your financial roller coaster.”

—Jesse Mechum

Money Wise

to see what rates and fees they offer. You can also visit www.bankrate.com to the different institutions and their interest rates.

401k plans are offered by your company to help you save money for retirement. Lots of companies offer a matching system whereby they match your contributions by a certain percentage. The goal of the 401k plan is the help you save as much as possible. The 401k is designed so that you can increase you contributions whenever you like. Your company will supply you with the recommend contribution percentages for you age. Not only are you saving for retirement but you are placing your self in a lower tax bracket. How? Well you contribution amount comes out of your pre-tax pay. And you can take your 401k to another job. Just go to your Human Resources department to gather more information on 401ks.

IRAs are also for saving for retirement but are different from a 401k because you can open an IRA at a credit union or bank and make limited contributions. The contribution amounts are set by the IRS. Each year there is a contribution limit, i.e. In 2007, you can contribution up to \$4,000. You can have more than one as long as you do not exceed the contribution limit.

IRAs are designed for one individual whereas a savings and money market accounts can have a joint owner added. This means if you are married that you and spouse would have two separate IRAs but can contribute up to a combine total of the contribution limit, i.e. \$8000 for 2007. There are two

different types of IRAs: the Traditional IRA and the Roth IRA. You can visit www.irs.gov to find out more information about IRAs, and remember to always seek advice from a tax consult about IRAs.

But what else can you do to earn more from your money. What about investing in the stock market? July's conference call touched a little on this subject. Some of you



may remember your very first finance class, hearing the instructor tell you the higher the risk the higher return. Well that's true when investing wisely in the stock market. History has shown that investing in stocks has provided the highest return on any investment over time. Stocks are a great way to earn a high interest on your money. When you sale your stocks, you will pay taxes on the money you receive from the sale of your stocks because it is considered a gain from you investment.

Stocks are issued by companies that investors can purchase to own a share of the company. They represent a claim on the

company's assets and earnings.

If you are looking to invest in the stock market, you may want to look at growth stocks. Growth stocks are stocks from companies who are looking to post above average increases in their sales and profits for the year. You can invest in growth stocks without overpaying using growth at a reasonable price (GARP). According to Zacks Investment Research Company, the Standard & Poor's 500 stock index has had 19 straight quarters with double-digit growth. Consult a financial advisor for more information.

Mutual Funds allow a group of investors to pool their money together with a predetermined investment objective. By pooling money together in a mutual fund, investors can purchase stocks or bonds with much lower trading costs than if they tried to do it on their own. But the biggest advantage to mutual funds is diversification. The funds are managed by a fund manager. When you invest in a mutual fund, you are buying shares of the mutual fund and become a shareholder of that fund. Mutual funds can be one of the best investments you make because they are very cost efficient and very easy to invest in.

So you see that there is more than one way to save your money. Finding a savings method that works for you will give you peace of mind later on. Keep in mind that diversification is good; you would not want all of your eggs in one basket. It is your money, how will you make it work for you?

Do You Know What to Look For in a Credit Card?

Everyday, or at least twice a week, we receive a credit card offer from various banks around the country. These banks are willing to offer high credit limits, but what else should we look for?

The ABC's of Credit Card Finance list several essential items to look in a credit card such as:

- low annual percentage rate
- no annual fee
- a grace period of at least 20 days
- interest calculated on the average daily balance method
- and low penalty fees

To establish and maintain good credit, you need to know the essentials about credit cards.

There are two types of credit card users—the convenience user and the revolver. The convenience user avoids paying interest by charging enough on their credit card that they can payoff on their next statement. The revolvers keep a revolving balance on their account and pay interest on the credit card charges. What kind of user are you?

Here are some do's and don'ts to follow when looking for the right credit for you:

Try to have only one card. Having more than one card will persuade you to spend more resulting in high balances on each card.

Try not to use your credit card for tuition, instead limit your use to school expense such as books. There are many ways to pay your tuition such as school loans, scholarships, and grants. You will find the interest a lot cheaper this way.

Determine what you consider a want and a need.

Differentiate between your wants and your needs. Your wants can lead to overspending very easily.

Pay the full amount each month. To avoid paying interest, you should pay-off the full amount. That means charging only what you can afford. And if you charge more than you can afford, always pay more than the minimum monthly payment.

Send your payment as soon as you review your statement. If you are a revolver, send you payment in as soon as possible so you can benefit from a lower average daily balance and decrease the amount of interest due.

Manage your credit card account as if it was your checking account. Check all of your purchase to make sure all of them are yours. Also keep an eye on your balance so you will know how much money is left.

Keep all credit card receipts. This will help you manage your credit card account. When you get your statement in, check the amounts against your receipts.

Never skip payments. When skipping a payment, you will be charged the full amount of interest and the next month you will end up owing more to the bank.

Always pay your bills on time. To avoid late fees and bad credit ratings, pay your bill on when its due.

Never exceed the credit limit. There's nothing worse than getting charged an over the limit fee or an increase in your interest rate.

Avoid taking cash advance. Unless it is an emergency,



do not advance cash off of your credit card. Make sure you understand the payment method associated with the advances.

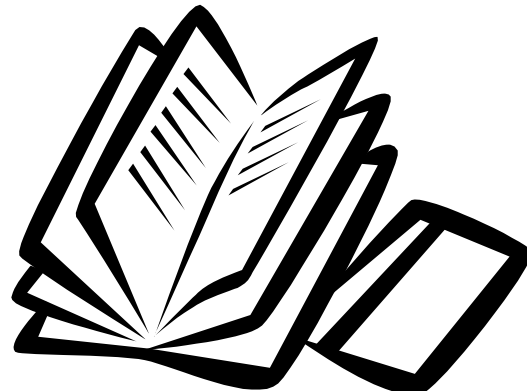
Watch for introductory rates. If you get a card with a low introductory rate, find out when the rate will change and the new interest rate.

Be careful with increased credit limits

Always notify the bank if you have a change of address or a lost or stolen card

You can incur late fees and become liable for unauthorized charges all because you missed the opportunity to call the bank to change you address or report your card lost or stolen.

Some may say this is common sense but thousands are unaware of these tips. Check your current credit card and see how much of this information do you know about your card.



"Too many of us are spending money we haven't earned to buy things we don't need to impress people we don't like."
– Proverb

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