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Dear Member,

As the weak and uncertain state of the economy and banking industry continues to take center stage in the media, Northeast Credit Union remains financially strong. We are a safe and reliable place for our members to save, borrow and obtain help to sustain and improve their financial well-being.



As a trusted neighbor we are here to support you as you strive to achieve financial security. In addition to offering complimentary financial education workshops, we also provide many resources such as this newsletter - Neighborhood News, investment seminars, one-on-one-counseling with a Money Management Inc. counselor, and Financial Education Centers in many of our branches.

In this issue of Neighborhood News, you'll find information on a variety of topics ranging from online banking services that will help save you time and money, to how to avoid a foreclosure during these very tough economic times.

We want to help our members avoid making uninformed or poor financial decisions. Our focus continues to be on maintaining a safe and sound credit union that you can rely on and helping you make healthy choices that will result in long-term financial stability.

Most importantly, we'd like to thank you for your continued confidence in Northeast Credit Union. Your trust and loyalty are what drives our success.

Sincerely,

Peter J. Kavalauskas  
President/CEO  
Northeast Credit Union

## How Do I Set Up Online Bill Pay?

Online bill pay can help you manage your bills without having to worry about paper bills and checks. Once you have online bill pay up and running, you can focus more time on the fun things in life.

Online bill pay offered by your credit union or bank is a service that sends money out of your bank account to whoever you wish. In some cases these online bill pay services will actually print a check and mail it to the recipient.



If the company you want to send payments to is setup within the credit union or banks' system, the credit union or bank will simply transfer the money electronically when you use online bill pay.

To set up this type of online bill pay you'll probably just need a copy of the bill that your service provider sends you. Set up a new payee in the name of that company at your online bill pay website. Copy the address and your account number, and enter that information too. Each time you want to pay you'll just enter the amount of the bill and you're done. The credit union or bank will print and mail a check that will pull money from your account.

To be safe, you should double check with the payees if they have specific instructions for receiving payments via online bill pay. Some payees will not recognize the check (because it was printed by the online bill pay service – it isn't their standard return mail piece). In this case, they may give you an alternate address or other instructions.

For information on NECU online banking services please visit [www.necu.org](http://www.necu.org) or contact a member service representative at 1.888.436.1847.

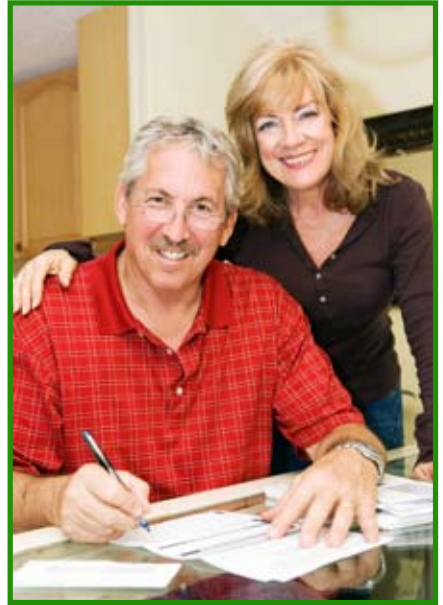
# HOME OWNERSHIP AND YOU

## How to Avoid Foreclosure

Foreclosure is the legal means a lender can use to repossess your home after you've missed several mortgage payments. A foreclosure can affect your credit rating for up to ten years and this can have devastating effects on a family's finances. Preventing the loss of your home is worth fighting for and you can take steps to prevent it. Your course of action depends on what stage of the process you are in at the time.

### **The first stage is when you are struggling to make payments and are often late.**

Concerned that if you don't change your course now, you may be headed for foreclosure? The first place to start is to prioritize your spending and find places to cut. According to the US Housing and Urban Development Department, "After health care, keeping your house should be your first priority."



Track your expenses. Pull out your checkbook register, ATM receipts, and credit card receipts and tally them up. Use a three month period to get a good sample. Find places to trim that free up the most cash such as dining out and entertainment. Carpool, take the bus or train to work to reduce transportation costs. Redirect the savings to make your payment and/or build your emergency fund.

The second step is to generate extra income to make your payment. Take on extra hours at work, get a second job or sell nonessential items to generate cash. Do you have a boat in the garage or a saxophone in your closet? Sell them in the want ads or online. Turn a hobby into a second job. Do you like to sew? Offer to do alterations for the local dry cleaners or make crafts and sell them at local craft fairs or flea markets.

If credit card bills are mounting along with the mortgage being late, consider going to a credit counseling agency to help you restructure that debt. If you can reduce your other bills, it frees up money to make your house payment. Look for a reputable agency, preferably a non-profit credit counseling agency. Some places to start are:

- Money Management International 1-866-515-2227
- National Foundation for Credit Counseling 1-800-388-2227
- Federal Trade Commission - Choosing a Debt Counselor 1-877-382-4357

## **The second stage is when you are behind on a mortgage payment.**

Now is the time to get on the phone with your lender and discuss what options you have. Lenders really don't want to foreclose on your property; it's expensive and time consuming. They have programs to help you through rough spots so that you can bring your loan current.

One program is called a **special forbearance option**. If you show the ability to pay, the lender may restructure your loan and allow you to make the past due payments over a fixed period of time. Lenders also offer **mortgage modification**. In this plan, the lender will either refinance the debt or extend the term of the loan. In either case, this modification is intended to reduce your monthly payment to an affordable level. They may also switch the loan from an adjustable rate mortgage to a fixed rate mortgage so you are not subject to future loan increases. Call your lender to see what programs they offer and what you qualify for.

## **The third stage is when your lender is starting the foreclosure proceedings.**

At this point, you have exhausted all of the above options and are not able to make your mortgage payment. Your strategy becomes trying to sell the property and get out from under the debt to save your credit rating. There are a variety of options here.

- 1. A pre-foreclosure sale.** Sell your home before it goes into foreclosure. To attract a buyer, you will generally need to discount the price. This sale will not hurt your credit rating.
- 2. A deed in lieu of foreclosure.** You offer to sign over the property to the bank. If they accept the offer, the property becomes "bank owned property" and they take over the deed and attempt to sell the property themselves. This does adversely affect your credit but not as badly as a foreclosure.
- 3. A short sale.** With this strategy you negotiate with the bank to sell them the property or you find a buyer at an amount **below the value of the loan**. The lender must approve this because they will be taking a loss. They might consider this option when the financial loss is less than the cost of foreclosing. The buyer benefits because they may get the property below market value.

Whatever stage you are in, there are steps you can take now that will make a difference in your financial future.

## Five of the Most Common (and Harmful) Money Mistakes

All of us experience financial challenges at one time or another: an unexpected problem with the car, a sudden illness or even a job loss. We work hard to make money come in, only to watch it go right back out. At times it seems like these financial issues are unavoidable. The truth is many start with an innocent financial mistake that spirals into a serious financial dilemma.

Below are five of the most common financial mistakes people make:

### 1. No Clear Financial Goals

There's an old saying, "If you don't know where you are going, you will never get there." This is especially true of financial goals. If you don't plan for your goals, you will never achieve them.

Here are some common financial goals:

- Retiring by a certain age
- Sending your children to the college of their choice
- Starting your own business

Write your goal down and put it somewhere where you will see it often. Include as many details as you can when describing your goal. Your goal should meet all of the SMART criteria. (See the box to the right.)

**S**pecific  
**M**easurable  
**A**chievable  
**R**ealistic  
**T**rackable

Why? Because it's hard to measure your progress when you're working toward goals that include words like "someday" or "enough." But when you say something like "I want to save \$18,000 for the down payment on a house in three years" you'll always know how far you are from reaching your goal and what it will take to get there.

### 2. Not Budgeting

Do you ever wonder where the money goes? To find out, write down everything you buy for three months. Take a look at what you are spending your money on and see where you can cut without making huge sacrifices. Can you cut back on coffee, dining out, parking and gas? Can you find a cheaper cell phone or internet provider? Can you get a better deal on auto insurance? You may be surprised at what you are really spending your money on.

### 3. Having too much Debt

Many people these days are finding themselves strapped with a lot of "bad debt" from overusing credit cards. Paying that debt off can take a long time and cost a lot of money.

For example, look at the following credit card:

Balance...	\$1,500
Interest Rate...	16.99%
Minimum Payment...	\$23
Number of years to pay off if only making minimum payments...	15
Total amount paid to credit card company when paid off...	\$4,209

And that assumes nothing further is charged to the account! As a general rule, your total debt payments (e.g. mortgage, auto loans, student loans, credit cards) should be less than 35%-40% of your income. If your debt exceeds this amount, you should adjust your budget to increase payments to your creditors.

#### 4. Not Being Aware of What's on Your Credit Report

Your credit report is the story of your credit history. It tells people how good you have been at paying your bills. A lot of people may be interested in looking at your credit score, including:

- Potential employers
- Property owners who you may want to rent from
- Mortgage lenders
- Credit card companies

Review your credit report at least annually. It's easy to dispute errors and you should do it as soon as you catch one. You can order a free copy of your credit report from each of the three credit reporting bureaus every 12 months. Reports can be ordered through [www.annualcreditreport.com](http://www.annualcreditreport.com) or by calling 877-322-8228.

#### 5. Waiting Too Long to Plan for Retirement

Most Americans are woefully unprepared for retirement. Millions of Americans will have to work through all or part of their retirements because they have not saved enough. Do not be one of them.

- **If you have a retirement plan at work, make sure you participate.** If your employer matches a portion of your retirement plan contribution, contribute enough to get the employer match.
- **You should also consider opening a Roth or Traditional IRA.** With IRAs, you do not pay taxes on any of your earnings while your money is invested in the account. If you meet the eligibility requirements, you can contribute \$5,000 in 2008 into an IRA if you are under 50; \$6,000 if you are 50 and over.

#### Be Proactive

The reason these mistakes are so common is because they are easy to make. By taking the time to educate yourself and making the right steps along the way, you can avoid these mistakes and save yourself a lot of time, money and heartache in the process.

# DEBT MANAGEMENT

## How to Get Out of Debt Sooner

So you have some debt that you're sick and tired of paying for and you have made THE DECISION to get out of debt as fast as you can. But of course, you need to do more than make a decision to get out of debt; you need a plan. So where do you start?

### List your Income and Track Expenses

Many people don't know how much they can commit to paying each month on debt because they don't know where their money goes each month. Track your expenses for three months and place them into one of the following categories:

- **Needs:** Necessary expenses such as housing, health care, utilities, and groceries
- **Wants:** Optional expenses such as entertainment, vacation travel, dining out, and magazine subscriptions

You'll find it easier to reduce your expenses once you know where the money is going. Look for ways you can cut back on your wants. Most of us can do this without making dramatic changes that compromise our happiness or quality of life. The goal is to sacrifice some small things today so you can pay off your debts and achieve more important goals in the future--like buying a home, sending your children to college, or retiring early.

### Pay More than the Minimum on Your Debt

Once you've set a budget and cut unnecessary expenses, you need to develop a debt repayment plan so you can get out of debt faster.

Most people have no idea how long they will be in debt if they just make the minimum monthly payment on their credit cards. Let's say you have three credit cards with a total balances of \$10,000 as listed below.

	Balance	Minimum Monthly Payment	Interest Rate	Years Until Credit Card is Paid Off
Credit Card 1	\$4,200	\$53	15%	31
Credit Card 2	\$2,100	\$42	19%	8
Credit Card 3	\$3,700	\$40	11%	17

If you make only the minimum monthly payment every month on all three cards, it would take 31 years to be debt free. And the total payments would cost you \$32,408!

Instead, try paying a little extra each month on the card with the highest interest rate. When that card is paid off, apply those payments to the card with the next highest interest rate. If you followed this strategy and paid only \$25 more per month, you could be debt free in less than 10 years. And you would save over \$14,000 in total payments!

Another place you can find money to pay down your debt is through your tax withholding. If you normally get a tax refund, you can adjust your withholding so that less is taken out of each paycheck. This way you are getting that refund in each paycheck instead of in April, and can use it on debt.

### Consider Other Strategies to Reduce Your Debt

You should also consider the following strategies to get out of debt sooner:

- **Pay with cash.** When you want something and are tempted to pull out your “plastic”, think for a moment of what the true cost will be. Interest alone could make that purchase price easily double! By paying cash you accomplish two things. 1) You pay what is on the price tag NOT additional interest charges and 2) you keep yourself out of debt.
- **Exchange high interest rate for lower rates.** A quick way to get out of debt sooner is by lowering the current rates you are paying. If you own your home you can tap into the equity of your home and use a home equity line of credit which generally has lower rates than credit cards and you may get a tax deduction on the interest you pay.
- **A balance transfer** offers you the ability to transfer an existing credit card balance to a different card which has a lower interest rate. Make sure that the interest rate of the card you are transferring to will not rise sharply in the near future.
- **Call your lender and ask for a lower rate.** You may be surprised at how often a company will work with you in order to keep your business. And if the company says no, you’re no worse off.

### Stick to your plan

It’s hard work getting out of debt. But if you stick to your plan you can get there. Once you are there, do yourself a favor and buy the things you want with cash. If you’re not paying interest to a creditor, you’ll ultimately have more money to use on the things you really want out of life.



# EMAIL SCAMS-PHISHING

## Shield Yourself from Swindles-Scams Involving Checks, ATMs, and the 'Net'

Phishing incidents take center stage in Internet scams as they've increased dramatically in popularity in the past year. Phishers use the Internet to steal money and personal identities. Victims usually receive fraudulent e-mails containing authentic looking company logos and familiar graphics and are asked to divulge financial information.

A study by the Gartner technology research firm shows 52 million U.S. Internet users received phishing e-mail during the past 12 months, from which 1.8 million consumers divulged information and one million fell victim. While consumers at banks and credit unions are prime targets, AOL and eBay users also are victims of frequent attacks.

Elizabeth was a victim of an AOL attack when she discovered her credit card number had been stolen from her online AOL wallet. She now enters her credit card number and password each time she makes a purchase, no longer keeping them saved. Elizabeth responded to "What's Your Story?" on the Home and Family Finance Resource Center Web site, at <http://finlit.cuna.org/hffrc.html>.

Fifty-two million U.S. Internet users received phishing e-mail during the past 12 months. As consumers such as Elizabeth catch on, phishers develop new ways to scam their victims. Many phishers now are trying techniques that have worked well for virus writers. The newest phishing scam is activated when you simply open an e-mail, no clicking required. Once infected, the scammers change the IP (Internet Protocol) address in your PC's Hosts file to their choosing. The fraudsters then associate the IP address with bogus bank/credit union Web sites, which forces your browser to go to fake Web sites that look like your financial institution's site.

A phisher using the name Robotecteur is responsible for sending out the e-mail virus "I Still Love You" to three million people. The virus recorded user names and passwords when the user visited any of 30 online banks and payment Web sites programmed in the virus. Robotecteur then received e-mails containing the sensitive information.

This form of phishing is different because the scammers don't have to lure you to a specific Web site. Instead, they get your username and password once you log in to a banking Web site. A keylogger then records your information and takes screen shots of your PC activity.

Unfortunately, most PC users will not detect a problem until it's too late, because most are not knowledgeable with Hosts files. While the attacks have only occurred in Brazil, Australia, and the United Kingdom, security experts expect to see the scam

## EMAIL SCAMS-PHISHING



soon in the U.S. However, experts also say all phishing scams, these included, are preventable. As always, run and update antivirus software frequently and, if you don't have one already, install a firewall. More information about phishing is available on the Anti-Phishing Working Group Web site at [www.antiphishing.org](http://www.antiphishing.org).

While phishing remains a high concern, experts also caution consumers against high-risk Internet use. The FTC (Federal Trade Commission) reports 55% of filed complaints are related to Internet fraud. The median loss for an Internet attack is \$195. While online banking is safe, consumers still are more fearful of online banking transactions than giving out financial information for online shopping. Experts advise consumers to monitor their accounts regularly rather than wait for the monthly mailed statement.

The most common check scam is the "Nigerian Advance Fee Fraud," with 100 victims daily. Brad, from Maryland, noticed unusual activity on his card, which he hadn't used in several months. Brad noticed the suspicious charges when he checked his online account. His quick action allowed him to resolve the matter before anything was posted on his account.

Experts say it's also a good idea to change your online banking and shopping account passwords every three to six months. And to avoid being led to fraudulent Web sites, retype the Web address in your browser rather than click through e-mail links. These simple steps can protect you from serious hassles down the road.

## The Best Lesson for Kids is Experience



Credit unions and banks may have changed -- many are “visited” only online now -- but to most kids they’re still mysterious, and the idea of trusting their pennies to them may seem downright foolish. As a parent, it’s your job to get your kids over that fear, and the best way to do so is through exposure.

Sit down with your child and explain what a bank or credit union is. “The best way to teach kids about the financial facts of life is to encourage them to begin experiencing them at an early age,” says Jayne Pearl, author of *Kids and Money*.

Start by introducing your child to a budget. Figuring out how much money they have coming in is the first step toward figuring out how and where to save it and spend it. If you are the biggest source of their income, make sure it’s in the form of a weekly allowance. A month is too far in advance for kids to plan, and doling it out when you feel like it or just happen to remember may suit your needs, but it isn’t helping your child.

They need to be able to count on regular income, even if it’s just a dollar a week, so that they can create and stick to a savings and spending plan. Before you help your child open a savings account, sit down with them and explain what a credit union or bank is. Reassure them that putting their money there is safe. Tell them how it works -- that they will earn interest because the credit union or bank can lend their savings to someone else at a higher rate.

You can even give your child a real-life lesson in interest by borrowing a dollar of their allowance for one week, and handing them \$1.10 when the time comes to repay the loan. Explain that the extra 10 cents is called interest and is what you get when you save your money in a savings account.

Now it's time to open an account. If your child is still young, say 12 or under, it may be too early for them to have a checking account, so start with a savings account. You know your kids better than anyone, so think about their interests before deciding how to open the account. Are they computer savvy? If so, you may want to forego taking them to a credit union or bank entirely and open the account online.

Help them enter the deposits and withdrawals in a savings passbook. If they open a checking account, instill in them the importance of recording every check they write. Find ways to give them as much hands-on experience as possible.

Once they have some practice managing their own money, start involving your child with family financial matters. For example, when you make a loan payment, review your account statement or balance your checkbook, sit down with your child and share the experience.

Learn about NECU's MyFunds Savings. A savings account designed to help younger members up to age 22 develop healthy money-management habits. Logon to [www.necu.org](http://www.necu.org) or call member service at 1.888.436.1847 today.

## Changing Jobs? What about your retirement plan?

Saving for a secure retirement is increasingly becoming each individual's own responsibility. As uncertainty about government provided Social Security benefits increases and traditional employer-provided pensions take on a less prominent role, personal savings have taken on a more critical one. By participating in your employer's retirement savings plan, you've recognized the importance of investing for retirement on your own. If you have left your job or are planning to, you have a decision to make about what to do with the money you've worked so hard to save. The direction you take will have significant implications for your future financial security.

Determining what to do with the distribution from your retirement savings plan means more than just choosing among distribution options—it also means taking a closer look at the bigger picture of your complete retirement plan. That's because a financial advisor can help you take **three important steps** toward maximizing your retirement savings.

### 1. Assess your current situation

First, work with your trusted financial advisor to evaluate your overall retirement investment objective, taking into consideration your current age, when you plan to retire, and how much money you'll need to reach your goals.

### 2. Evaluate your choices

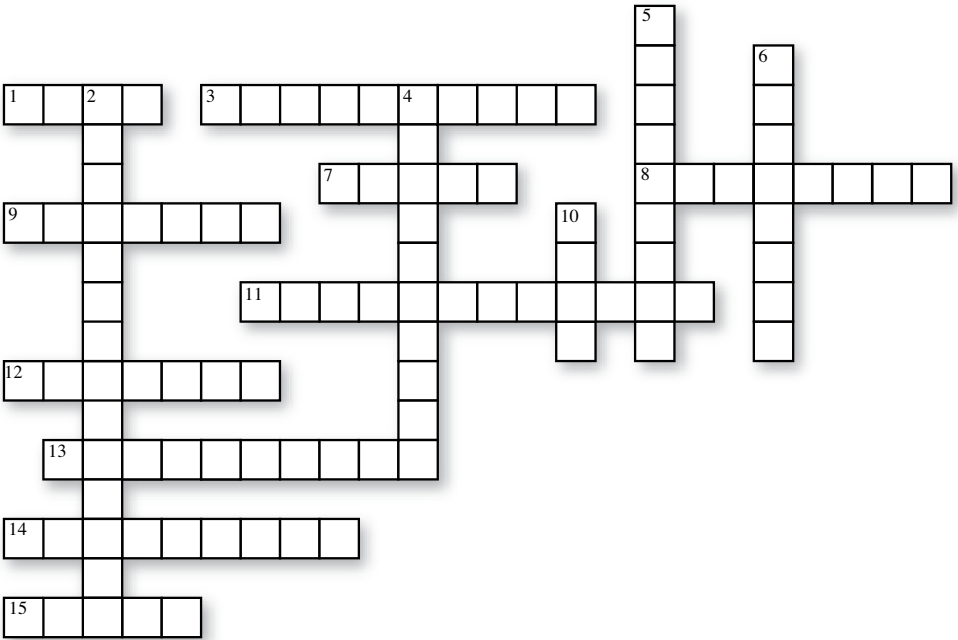
Your trusted advisor will help explain the benefits of preserving the tax-deferred status of your current retirement plan assets and help you understand the possible tax implications of taking a lump-sum distribution.

### 3. Create a retirement investment plan using asset allocation

Your trusted advisor can help you diversify your available retirement savings among a variety of investments—such as stocks, bonds and cash equivalents—in a way that optimizes the balance between the amount of risk you want to take and the returns you need to meet your long-term retirement objectives. This process is called asset allocation and is a critical part of your retirement planning.

Please call Northeast Investment and Insurance Services at 1.866.772.1680 for a no-cost consultation.

# NECU BRAIN TEASER



## ACROSS

1. When looking for something on [www.necu.org](http://www.necu.org) check Find it \_\_\_\_ first.
3. Where was NECU's first branch location?
7. What is the Governor of New Hampshire's last name?
8. What is the name of NECU's online billpay?
9. NECU is your \_\_\_\_\_ neighbor.
11. What is the name of the "rainy day" savings account at NECU?
12. In what section of [necu.org](http://necu.org) will you find our newsletter, branch locations and mission statement?
13. Neighborly News is NECU's \_\_\_\_\_.
14. What is the name of NECU's online car magazine?
15. What is the New Hampshire state tree?

## DOWN

2. Alerts, Fraud Prevention and Fraud monitoring information can be found under?
4. NECU has a new branch location in \_\_\_\_\_, NH.
5. What checking account pays the highest interest and qualifies the account holder for loan discounts?
6. What is the name of NECU's online banking?
10. How many branch locations does NECU have?

# DID YOU KNOW?

- Some 190 billion emails are sent daily - more than 2 million per second - by 1.2 billion email senders. About 70 percent (133 billion emails) are spam and viruses. There are about 1.4 billion registered email addresses.
- Three quarters of fish caught are eaten - the rest is used to make things such as glue, soap, margarine and fertilizer.
- The sentence "The quick brown fox jumps over the lazy dog" uses every letter of the alphabet?

## NECU Financial Education Seminars

April	Estate Planning (Dover) *Northeast Investment and Insurance Services	Thu – 4/16 2 p.m.
	Road Map to Rollovers (Dover) *Northeast Investment and Insurance Services	Tue – 4/28 2 p.m.
	Let's Talk: Couples & Money *Money Management International/CCCS	Tue – 4/28 5:30 p.m.
May	Home Buyer Seminar (3 hrs) *Money Management International/CCCS	Tue – 5/19 5:30 p.m.
	Roadmap to Rollovers (Rochester) * Northeast Investment and Insurance Services	Tue – 5/19 5 p.m.
June	Mastering Your Credit Report *Money Management International/CCCS	Thu – 6/25 5:30 p.m.
September	Home Buyer Seminar (3 hrs) *Money Management International/CCCS	Tue – 9/22 5:30 p.m.
October	Finding Extra Money *Money Management International/CCCS	Tue – 10/20 5:30 p.m.
November	Planning for the Holidays *Money Management International/CCCS	Tue – 11/17 5:30 p.m.

All workshops run approximately 1 hour, unless otherwise noted. Seminars will be held at the Portsmouth branch, unless otherwise noted. Dates subject to change. Northeast Investment and Insurance Services and their products and services are not guaranteed by the credit union, and could involve investment risk including loss of principal. For more information please email: [marketing@necu.org](mailto:marketing@necu.org).

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