

My Notes

Roanoke Postal Employees' Federal Credit Union
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July 2009

10 Smart Money Moves

If you're young, you have something money can't buy -- time, and time makes your money grow. Making smart money moves now pays off in the future. Here are 10 smart money moves from Bobbie Shocket Lazarz, CFP (certified financial planner):

1. Set financial goals, say, to take a vacation, go back to school, get married, buy a house, or start saving for an early retirement. Put your goals in writing, then calculate how much you'll need to save each month to reach them.
2. Make a spending plan, limit your debt, and concentrate on paying off existing bills. Limit debt to your ability to repay. Monthly credit payments, excluding a mortgage, shouldn't exceed 20% of your monthly take-home (after-tax) pay.
3. Build an emergency fund equal to three to six months' living expenses, even if it takes years to build. Use this fund only for true emergencies, such as unexpected car repairs, illness, or unemployment.
4. Save at least 10% of gross income for your emergency fund, future goals, and retirement. If you can't manage 10%, start with 5% and increase it over time.
5. Take advantage of the services Roanoke Postal EFCU offers. You'll earn more when you save and pay less when you borrow.
6. Make it a priority to get adequate health, disability, auto, personal liability, and tenants' or homeowners' insurance. If someone else depends on your income, you also need life insurance.
7. Once you've implemented your spending plan, built your emergency fund, and obtained appropriate insurance, make the most of your money by starting to invest. Lazarz says the key to making the most of your money is investing small amounts gradually and sensibly over time.
8. Use tax-advantaged savings plans your employer or the government offers to save money for your retirement, such as company 401(k) retirement savings plans and individual retirement accounts at RPEFCU.
9. Keep job options open by keeping your job skills fresh. Get necessary training and education so your knowledge and skills stay up to date.

10. Maintain orderly financial files to keep track of your money and put your hands on important records when you need them.



What are your bright ideas to save our planet?

Many of us recycle plastic, paper, and/or aluminum -- which is great, but what else are you doing?

Send us your good works -- and a photo -- so we can share your great ideas while saving the planet! Email ideas and photos to rpefcu@rpefcu.org! Just be sure you've got parental permission!



Q Keeping your spare change in a peanut butter jar may be OK when you're a kid, but what should I do with my money now? Should I open a checking account or just a savings account?

A If you feel it's time for a more mature way to manage your money, check with your credit union - you may be ready for a checking account! Once you know the account details and what services are available (like a debit card or credit card), it's time to talk with your parents.

It's always a good idea to have a parent as joint owner on your account for emergency situations; however, if you're younger than age 18 it is required that you have a parent listed on the account with you. The account is still yours to spend and manage. That means you must be ready to keep track of your deposits and expenditures.

Q I've seen booths around my college campus offering free items if I sign up for a credit card. I wouldn't mind having plastic to carry instead of cash. Is this a good idea?



A To many college students, getting a free T-shirt and a line of credit seems like a great deal. But before you sign up, consider this: On average, college seniors carry more than \$2,600 in credit card debt. What's more, once you're in debt, it's hard to dig out. And outstanding credit card debt can limit your chances of getting a loan later in life -- so you might find it hard to buy a house or a new car.

If you want to avoid the debt trap, consider getting a debit card instead of a credit card. Debit cards offer the convenience of credit cards with one important difference: The money comes directly from your checking account so you can't spend more than you're able to pay. Debit cards also function as ATM (automated teller machine) cards, so you can get cash when you need it. Call RPEFCU for more information or to discuss what's in your best interest!

iPod Winner

Our *Magic of Savings* winner for the youth savings week drawing in April was...*Jedidiah Smith* of Blue Ridge, VA. Congratulations! Jedidiah won an i-Pod Shuffle. It pays to save, and sometimes you win great stuff too!

Start Your Own Business



Starting your own business might not be as hard as you think! You have major advantages over many adults starting a business. Here's what you have going for you:

Confidence: Teens and young adults often are more willing to take risks. You often focus on benefits instead of possible problems.

Financial support: Most teens and young adults don't have to pay their own living expenses. Your money can go toward starting your own business.

Emotional support: Family members or friends might help find customers, refer you to other people, and give ideas for improvements.

Publicity: Teens and young adults often are recognized more than older adults would be for the same accomplishments. The publicity is free advertising!

Take these steps:

- Make a list of your hobbies, talents, and skills. Decide which ones would be of value to someone else.
- Make a list of start-up tools and supplies, and their cost.
- Consider all start-up costs including legal fees and taxes.
- Determine a price for your goods or services by researching what other people charge.
- Get the word out: Post fliers around town; ask family and friends to tell people about your new business.
- Budget your time to meet the demands of the customers and still get your homework done.

When you run your own business you get better pay, choose your hours, and you don't have to take orders from other people. See RPEFCU for help as you grow! You have what it takes to be an entrepreneur, so get started!

Cybercrooks and Facebook

More and more people are becoming victims of cyber schemes through email, text, and social sites like Facebook. It's increasingly difficult to distinguish between legitimate and fraudulent offers and emails. Commonly reported scams involve phony text messages or emails that appear to be from financial institutions, FBI, or businesses requesting account information. Fake emails often offer loans, sweepstakes, foreign lottery winnings, large inheritance, or phony 'work-at-home' proposals - often with typos or grammatical errors.



Any reputable business or financial institution will not ask for personal info, especially through text or email. Even if crooks aren't out to get your personal information, there are also plenty of annoying and potentially dangerous virus messages floating around too - like the 'just for fun' recently on Facebook. Unless you know the person sending the email, never open an attachment. It's wise not to do 'forwards' by text or email either. Things that appear "fun" may not be...things that seem too good to be true, usually are!

Saving \$50 = Movie Tickets

RPEFCU members age 22 and younger can be entered into a drawing each quarter for 4 movie tickets just by growing their savings account by \$50 or more! This fun saving incentive begins July 2009.

Did U Make The Grade?

Remember to bring in your final report cards! Good grades on your final report cards pay! We'll give youth members in grades K-12 \$2.00 for every "A" and \$1.00 for every "B" average on your final (year-end) report card! If you take classes that are only for one semester (instead of the entire school year), we will combine two semester classes for the final grade. The maximum amount paid out on a report card is \$15.00. As summer comes to an end so does this offer. Be sure to bring in (or mail in) your report card by August 1st!

U want 2 know what I think?

Yes! Do you have a question about money or budgeting or buying a new car or how to pay for college or buying a house? Do you have a good idea for an article - or better yet, would you like to write one? This is YOUR newsletter - we want to include comments, questions, even articles that YOU write. Send us your ideas and we'll try to get them in the news! We're also interested in seeing YOUR ideas for ways RPEFCU can better connect with YOU! Look for more exciting things happening this Fall!

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Here's the fine print...

Submissions should be financially related in some way. Based on timing, space, and quality you just may see your name in print! We reserve the right to edit as necessary. Submissions become property of Roanoke Postal Employees' FCU.



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