

Your Money

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Home Equity Loans Give You Room For Improvement

It's a tough choice for a homeowner: Move into a new house, or improve the one you have. It seems so easy to call a realtor and arrange a showing. But your current home has something no new home can offer—equity.

Home equity is on the rise, providing homeowners a ready financing source to turn home sweet home into home sweet dream home. Over the past 10 years, home equity loans have skyrocketed, with Americans borrowing more than \$500 billion.

On average, homeowners spend 18 months planning home improvements. It's time well spent; some renovations pay off better than others. Bathroom and kitchen renovations provide the greatest return, between 90% and 95%. Decks and home offices hold the low end, between 65% and 70%.

As you plan, look beyond your house to your neighborhood. Will renovations put you in a different league—and price range—than your neighbors? Also, keep in mind how long you'll be in your house. If you're going to fix it up and

sell in six months, you'll get all the pain of remodeling and not much gain. But if you plan to live in the house more than three years, it makes economic sense to remodel.

How do you calculate your available equity? **First step:** Say you made a down payment of \$20,000 on a house priced at \$100,000 five years ago. Since then, you've paid \$15,000 toward the principal, and the market value of your house has increased to \$115,000. The sum of your down payment (\$20,000), principal paid (\$15,000), and the increase in property value (\$15,000) gives you \$50,000 in equity.

Second step: Ideally, what you owe on your home—mortgage plus home equity loan—shouldn't exceed 80% of your home's value. So 80% of \$115,000 suggests, if you meet other lending yardsticks, you may be eligible for as much as a \$27,000 home equity loan (house is worth \$115,000; 80% of that is \$92,000; you still owe \$65,000 on the first mortgage; so \$92,000 - \$65,000 = \$27,000).

Call Lorraine Zito (215) 592-2737 or Phyllis Weaver (215) 641-7987 to discuss your home equity loan options today.



Americans rate moving the third most stressful life event after death and divorce. Fortunately, the Internet has hundreds of sites to help you plan, research, budget, and shop for moving day. Many even offer huge discounts you can't find elsewhere.

A good place to start is with an all-purpose moving site like homestore.com or imove.com that provides planners, budgeting tools, links to jobs, and information about schools. To find a trustworthy carrier, the **Better Business Bureau (BBB)** recommends getting at least one in-home visual estimate—in writing. Find out what services that estimate covers, and ask about the company's insurance and workers' compensation.

Also check with your state **Department of Transportation**, local **BBB**, and the **American Moving and Storage Association** to ensure the companies are in good standing.

Remember that while you're canceling your phone, cable, gas, electric, and so on, you don't have to cancel your credit union membership. **Once you're a member of Rohm and Haas Employees Federal Credit Union, you're always a member.** With direct deposit, Internet banking, and 24-hour access via the Voice Response System, Rohm and Haas Employees Federal Credit Union makes continuing your credit union membership easy.

AVOID BEING UPSIDE DOWN IN YOUR CAR LOAN

A low- or no-down payment, a longer-term loan, and a vehicle that rapidly depreciates in value in the first two years can cause you to be "upside down" in your car loan. The term means you owe more for the car than it is worth. It's not unusual for a buyer to be upside down in a car loan a couple of years into a five- or six-year loan.

Consumer experts recommend making a down payment of 20% or more and financing for no longer than four years to avoid being upside down. Not everyone can do this. Some alternatives:

- Don't finance a car for more months than you think you want to own it,

- Make the biggest down payment you can,
- Choose a shorter-term loan if possible, and
- Buy a vehicle that will hold its value longer.

If you find that you're upside down in a loan, experts advise holding onto the car as long as you can—at least until the amount left on the loan matches the car's trade-in value. If you need to get rid of it, try selling it yourself or consider bundling the negative equity from the car with a loan on a new car. If possible, accelerate your loan payments to avoid being upside down in your new loan.

Contact Lorraine Zito at Home Office or Phyllis Weaver at Spring House for more information.



Spring

Loan promotions

From April 1 to June 30, the Credit Union will offer a spectacular real estate loan promotion. We will be offering second mortgages at a fixed rate of 3.75% for a three year term, 4% for a four year term, and 5% for a five year term. We also lend for a longer period up to 15 years at a variable rate of prime plus 1.75%, currently 5.75%. If you borrow \$25,000 or more, the Credit Union will waive up to \$200.00 in closing costs. Loans made under this promotion must be taken within 60 days of approval. This promotion is for new loans only, that means you may not refinance an existing Credit Union loan with these funds. To take advantage of this promotion, please call your nearest Credit Union office: Home Office (215) 592-2737 or Spring House (215) 641-7987.

10 steps to Creating a Financial Plan for a Secure Retirement

1. Write down each of your goals on a 3x5-inch card.
2. Create two stacks—goals you want to accomplish within the next five years or less and goals that will take longer than five years (*you'll save for these goals differently*).
3. Sort the cards within each stack in order of priority, based on how hard you are willing to work or save to reach each goal. *Make retirement a priority.*
4. Write on each card what you need to do to accomplish that goal, plus when, what it will cost, and how much you'll need to save each month to reach your goal.
5. Set priorities again, creating a "dream" stack and a "reality" stack to guide your saving and spending.
6. Create a snapshot of your finances by calculating your net worth—the total value of what you own minus what you owe. Include items such as personal possessions, vehicles, home and other real estate, share draft/checking and savings accounts, insurance policies, stocks, and retirement plans. On the liabilities side, consider your home mortgage, credit card debt, student or auto loans, and taxes/capital gains owed.
7. Envision your retirement and the monthly resources you'll need in retirement, along with when you want to retire.
8. Estimate how large your nest egg will need to be to "buy" your retirement goal.
9. Use a worksheet or software program to help calculate how much you'll need to save every month and the return on investment you'll need to reach your goal. For help with your retirement planning, go to www.cuna.org, click on consumer information and go to financial calculators. Scroll down to find the retirement calculators.
10. Create a spending plan for your monthly income that starts with your "payment" to your retirement savings plan designed to build the resources you'll need for the retirement you desire.



A MONEY-MAKING IDEA: Sell Your Old Car Yourself

How hard do you work to take home a thousand dollars? Well, that's how much you might throw away if you trade in your old car rather than sell it yourself. Follow these tips and if you're lucky, you'll keep that thousand, rather than hand it to the dealership.

- **Clean your car top to bottom.** Fix minor things like blown fuses.
- **Find out its "wholesale" value**—that's all a dealership will give you for it. Just take your car to a few used-car operations and ask what they would pay to buy your car outright. The highest figure is its true wholesale value. You also can get a fair idea from classified-ad asking prices for cars like yours, and on the Internet at sites like www.edmunds.com.
- **Set an "asking price"** that's high enough to allow you to dicker: Add \$2,000 to the wholesale price.
- **If you owe money on your car, call your lender** for instructions about paying it off before you advertise it for sale.
- **Run a short ad** in your local daily paper and in any "traders." Study other ads for tips on wording.
- **Use common sense** with any stranger who wants to drive your car before making an offer: Check the person's driver's license; write down the tag number of the person's car.
- **Become a salesperson:** Talk up your car's good points. Has it been dependable? Have you kept careful maintenance records?
- **Don't talk trade or finance.** And don't come down off your asking price too quickly. If you've marked up your car \$2,000, come down in increments of \$50 or \$75. And remember: Any amount you receive above your car's "wholesale" value is extra profit to you.
- **Don't accept personal checks.** Insist upon a cashier's check or cash.

Selling a car yourself rather than trading it in takes work and patience. And your chances of success aren't 100%. But tens of thousands of people just as inexperienced as you do it every week, and do it successfully. And wouldn't that extra thousand or so come in handy?

Certificates of Deposit

Certificate	APR (Annual Percentage Rate)	APY (Annual Percentage Yield)
6 month	1.10	1.10
9 month	1.20	1.20
12 month	1.35	1.35
30 month	2.00	2.02
60 month	3.00	3.04

Money Market & Share Account Rates

APR (Annual Percentage Rate)	APY (Annual Percentage Yield)
1.00	1.00

Rates are subject to change in response to market conditions.

Loan Interest Rebates

The Board of Directors declared an interest refund on all real estate secured loans paid up to date at the end of March—the refund reduces the effective rate to 5.5% for the first quarter of 2004.



Look for other information related to your credit union's services on our web page: <http://www.rhcu.com>

