

Your Money

A quarterly publication for members of the Rohm and Haas Employees Federal Credit Union

Volume 6, No. 1
January 2006

Energy Bill Helps Home Improvers and Hybrid Car Buyers

If you're planning on making your home more energy efficient or planning on buying a hybrid car, you might be able to save some money when tax time comes.

Energy-efficient home improvements

Under the new energy bill, you can claim a tax credit of up to 10% of the cost of energy-saving home improvements, up to a lifetime maximum of \$500. The credit is limited to improvements made between Dec. 31, 2005, and Dec. 31, 2007. The amount you can claim for specific improvements is capped, but you can combine improvements to reach the max.

For example, homeowners can get \$300 in credit for installing highly efficient central air conditioners, heat pumps, or water heaters. Installing energy-efficient windows is good for a \$200 credit. Upgrading thermostats, caulking leaks, and stopping other energy waste can help reduce your bill as well.

You're also eligible to receive a credit of up to 30% of the cost, or up to \$2,000, for installing solar-powered hot-water systems. Solar heaters installed for hot tubs or swimming pools, though, aren't eligible.

Hybrid vehicles

The energy bill also includes a new tax credit for consumers who purchase hybrid cars and extends an existing tax credit, for as much as \$4,000 for buyers of electric cars or those powered by rechargeable batteries.

Starting in 2006, hybrid-car buyers will be eligible for tax credits

ranging from \$1,700 to \$3,000. The credit will be tied to two components: hybrids that save the most fuel compared with 2002 models, and the vehicle's estimated lifetime fuel savings. The credit takes effect Jan. 1, 2006 and replaces the existing tax deduction for hybrid vehicles. The deduction was scheduled to fall to \$500 next year.

Early birds will catch the worms. The law limits the tax credit to 60,000 vehicles from each auto maker, so credits on popular models could disappear well before the tax break expires at the end of 2009.

Whether you plan on making your home more energy efficient or plan on purchasing a more energy-efficient vehicle, we can help. Call Rohm and Haas Employees Federal Credit Union today at (215) 592-2737 or (215) 641-7987 for all your borrowing needs.

For more information about the energy bill, visit energy.gov.

COLLEGE COSTS: A Credit Union Loan Can Fill the Gap

Parents of college students are feeling the pinch. The gap—between the ever-increasing costs of higher education and the steadily declining amount of financial aid and loans available—keeps getting wider.

As you piece together the aid you'll need, start with your financial aid office; there are several options to help you foot the bill. Financial aid officers can put together a package of federal, state, and college aid, including loans and work-study options. And the application for financial aid from the federal government is the same for most student loan programs, state aid, and private non-needs based scholarships.

But that still may not be enough. For example, the aid package may not take into account the cost of lab fees or books. If only tuition costs are considered in the calculations, the total cost of college still may leave you short of your goal.

We can help fill the gap. A representative at Rohm and Haas Employees Federal Credit Union can offer a variety of loan options. Or, if college expenses are several years away, we can help you figure out the best savings strategy to avoid negative tax consequences.

Make sure your college-age son or daughter gets the education he or she needs to build a brighter future. Call us today at (215) 592-2737 or (215) 641-7987.

LEARN FACTS ABOUT LEASING

If you're leaning toward leasing, be prepared for a somewhat more involved process than what you may be accustomed to when you buy a car. Watch out for:

- **Car price:** Negotiate the price just as you would if you were buying. In fact, don't let on that you're leasing until you've got the car price you want. Learn what prices to expect through Internet resources such as Edmunds.com and autosite.com. Use that "capitalized cost" as a starting point when comparing lease deals.
- **Down payment:** More dealers are seeking down payments on leases. That brings down the monthly lease payments, but also dilutes a prime advantage of leasing—minimal money down. Keep in mind that down payments are not refundable should you need to leave the lease early.
- **Trade-in:** If you're trading in a vehicle, make sure the lease shows where that value has been applied to your lease. Check out how much your trade-in is worth in advance at sites such as kbb.com or autopedia.com.
- **Money factor:** Also called a lease factor or even a lease fee, this is the interest rate you are being charged. It is expressed as a multiplier you can use to calculate your monthly payments. To convert a money factor to an interest rate, multiply by 2,400. To convert an interest rate to a money factor, divide by 2,400. (Always use 2,400 regardless of the length of the loan.)

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Autos: Lease or Buy?

Use this table to compare buying vs. leasing an automobile.
Ask your credit union loan officer to help you weigh your options.

	LEASING	BUYING
Ownership	You don't own the vehicle. You must return it at the end of the lease unless you choose to buy it.	You own the vehicle—it's your asset. You keep it at the end of the financing term.
Upfront Costs	These may include the first month's payment, a refundable security deposit, a capitalized cost reduction (similar to a down payment), taxes, registration, and other fees and charges.	These may include the cash price or a down payment, taxes, registration, and other fees and charges.
Monthly payments	These usually are lower than monthly loan payment—you're paying only for depreciation during the lease term, plus rent charges (similar to interest), taxes, and fees.	These are usually higher than monthly lease payments—you're paying for the entire purchase price, plus interest and other finance charges, taxes, and fees.
Gap coverage	This often is included in lease agreements. If not, you can purchase it.	This usually is not included in finance agreements, but you can purchase it.
Moving out of state	Some agreements restrict you from relocating the vehicle to another state or country.	There's no restriction when relocating.
Changing vehicles	Leasing has advantages if you change vehicles frequently.	Buying has advantages if you do not change vehicles frequently.
Early termination	You're responsible for early termination charges.	You're responsible for any payoff amount—that is, the loan balance—if you end the loan early.
Vehicle return	You may return the vehicle at lease-end, pay end-of-lease costs, and "walk away".	You may have to sell or trade the vehicle if you decide you want a different vehicle.
Future value	The lessor—the party leasing you the vehicle—has the risk of the future market value of the vehicle.	You have the risk of the vehicle's market value when you trade or sell it.
Mileage	Most leases limit the number of miles you may drive; you will pay charges for exceeding those limits.	You may drive as many miles as you want; higher mileage will lower the vehicle's trade-in or resale value.
End of term	At the end of the lease, you have a new payment either to finance the purchase of the existing vehicle or to lease or buy another vehicle.	At the end of the loan term, you have no more loan payments.

Source: The Federal Reserve Board, "Keys to Vehicle Leasing"

Certificates of Deposit

Certificate	APR (Annual Percentage Rate)	APY (Annual Percentage Yield)
6 month	4.00	4.08
9 month	4.10	4.18
12 month	4.25	4.34
30 month	4.35	4.39
60 month	4.40	4.50
Minimum deposit \$500		
Deposits over \$90,000 earn .25% higher		

Money Market Account Rates

APR (Annual Percentage Rate)	APY (Annual Percentage Yield)
1.50	1.51

Share Account Rates

APR (Annual Percentage Rate)	APY (Annual Percentage Yield)
1.25	1.26

Rates are subject to change in response to market conditions.

LEARN FACTS (CONT.)

- **Wear and tear:** Be clear on what's considered "normal" wear and tear on the vehicle and what's "excess," for which you'll pay extra at the end of the lease. Those terms aren't always defined the same. Ask about it, and get it in writing.
- **Warranty:** Don't let the lease outlast the vehicle's basic warranty or you may be paying major repair bills on a car or truck that you don't even own.
- **Extra miles:** Mileage in excess of the lease agreement typically costs between about 10 cents and a quarter per mile. If you anticipate driving more than 15,000 miles a year, it usually is cheaper to pay up front to extend the limits. If you anticipate driving less than the limits, ask to lower them for a discount or to be refunded for unused miles.
- **Records:** If you don't get copies of all the documents you sign, ask for them. You may need them if complications occur down the road.
- **Insurance:** Notice whether you're required to increase your insurance coverage. Also, check whether the lease includes "gap" coverage that protects you if the vehicle is stolen or wrecked.
- **End costs:** Take note of all the expenses involved in returning the car, particularly if you decide to leave the agreement early. For instance, there's usually a "disposition fee" for picking up the vehicle and processing it so it can be sold to someone else.

The Federal Reserve Board's "Keys to Vehicle Leasing" publication can help answer questions you might have. Visit federalreserve.gov/pubs/leasing/.

Talk to a loan officer at Rohm and Haas Employees Federal Credit Union about leasing and loan options. You may find that the credit union has a loan with all the features you're looking for in a lease.

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 December—the refund reduces the effective rate to 6% for the fourth quarter of 2005.



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

