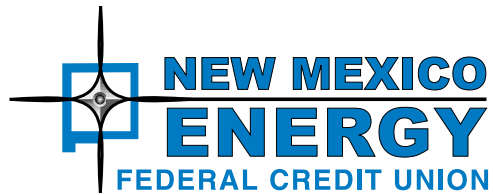


Money Matters



Spring 2006

A Quarterly Publication of New Mexico Energy Federal Credit Union

Visit us on the Web at www.nmenergyfcu.org

HUGE Fairgrounds Car Sale Coming April 20-23! Contact 845-6733 for details.

Home Equity Line of Credit

Struggling under the weight of heavy expenditures, like home improvement projects, medical bills, tuition, or even a family wedding? A home equity line of credit may be just the financial muscle you need. Since your house secures the loan, the interest rate is much lower than what you'd pay on a credit card or personal loan.

And the rate is even more competitive at your credit union. Here is what makes our home equity loan such a smart way to pay off your big expenses:

- The potential for tax-deductible interest (consult a tax adviser).
- Low interest rates.
- The ability to draw on your line of credit as needed, without having to reapply.
- Personal service to help you match your goals with your budget.
- With an initial draw of \$10,000 you will receive a \$100 gift certificate from Lowe's.*

Why look elsewhere for a home equity line of credit when your New

Mexico Energy FCU membership can get you the money you need, for less?

Call our loan professionals today at 845-4608 or 845-6733 and exercise your right as a member to lower borrowing rates. Your credit union membership could be the beginning of a whole new you. ■

***Restrictions apply**



What Should You Do With Your Tax Refund?

If you're expecting a tax refund check, there are a number of things you can do with that money. Here are a few suggestions:

- Use it as part of a down payment on a new car.
- Build your rainy day fund for inevitable budget challenges.
- Open an IRA (individual retirement account) or fund a child's Coverdell Education Savings Account.

- Add it to the fund you're building for a down payment on a house.
 - Apply it to your mortgage principal.
- However you choose to invest your tax refund check, remember that New Mexico Energy FCU can help. And remember, you can file your taxes electronically by either filling out the online information or printing the online documents and sending by snail mail

to CU Tax Service. These tools can be found at www.nmenergyfcu.org. Just click on the Tax Time icon on the home pag



Teaching Your Pre-schoolers About Spending & Saving

As a parent, you will not be the only influence on what your child learns about using money. But when you teach basic lessons about money, you increase the chance that your child's values will be similar to yours.

Visit the Thrive By Five section on the America's Credit Unions Web site at www.creditunion.coop for details. ■



Annual Meeting & Election Results

The 50th Annual Meeting, held on February 15, was a great success. Nine of our original founding members took advantage of a special invitation to attend and were honored at the meeting. ■



Design a Retirement Strategy That Is Right for You

Even if you are currently covered by a retirement plan at work, you may be able to upgrade your retirement lifestyle by taking some steps now. Retirement security has received tremendous media attention recently, as the administration pursues changes to the Social Security plan, and both supporters and detractors make their case. Whatever the outcome, it is a given that Americans need to do a better job in preparing for their senior years. An IRA (individual retirement account) can be part of the formula for success.

Perhaps the most important advantage of IRAs as a savings instrument is that they offer important tax advantages—either now or later. The two basic types of IRAs are traditional and Roth. Traditional IRAs are divided into tax-deductible and nondeductible types. Contributions to Roth IRAs are not tax-deductible, but their earnings can be distributed tax-free if certain conditions are met. All of this makes a difference when owners or beneficiaries begin withdrawing the funds. For a primer on the basic provisions of IRAs, see IRS (Internal Revenue Service) publication 590.

Answers to a few commonly asked questions about IRAs:

How much can I contribute? For 2005 through 2007, the contribution limit for both Roth and traditional IRAs is the smaller of either \$4,000 or your taxable compensation for the year. If

you are age 50 or older, that limit rises to the smaller of your taxable compensation for the year or \$4,500 (2005) or \$5,000 (2006 and 2007). The amount a member can contribute to Roth IRAs is phased out based on the member's taxable income. A member who attains age 70 ½ by the end of a year cannot make regular contributions to traditional IRAs for that year.

What kind of IRA is best for me?

The advantage of a traditional IRA is that it may provide a tax deduction for the year. If you are in the 25% tax bracket and contribute \$4,000 to a traditional IRA, you reap an immediate \$1,000 in tax savings. But the IRS considers the entire \$4,000 plus all earnings taxable when you withdraw the money. The tax deduction of a member who participates in a retirement plan or whose spouse participates in a retirement plan is phased out based on the member's taxable income.

A Roth IRA, by contrast, offers no immediate tax advantage, but all earnings can be tax-free at withdrawal. If the requirements for tax-free distribution are met, all proceeds come to you with no tax liability. Therefore, if you expect to reap substantial earnings on your IRA investment over time, the Roth option might be preferable. If you need the

tax advantage immediately, a traditional IRA might be best. Remember: The basic purpose of an IRA is to provide financial security in the future.

Can my spouse participate? Yes. If your husband or wife does not have a paying job, you can make a contribution in his or her name each year. Or if they work and are not covered by a retirement plan, based on your combined income, a tax deductible contribution may be available.

The bottom line is that in the three decades since it was first introduced,

the IRA has become a popular and flexible tool to help Americans prepare for their future financial security. It offers a host of options designed to meet the needs of a variety of lifestyles and circumstances, and can make the difference between just getting by and living the retirement life of your dreams. But because the rules regarding IRAs can be tricky, it's a good idea to check with a financial professional as you develop your plan.

Once you decide remember, NM Energy FCU offers loans to fund contributions for deposit into a qualified account here at your credit union. Call one of our loan professionals for details. ■



Universal Default is Latest Credit Card Trap

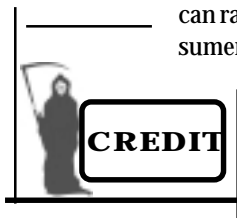
Have you ever been late with your credit card payment? The mistake could cost much more than one late payment fee, thanks to a provision buried in the fine print of many credit card agreements. Complaints about universal default clauses—acted on by more than one-third of all major credit card issuers—are on the increase. These clauses allow issuers to raise your in-

terest rate if you're late making a payment to them—or even to someone else.

This means that if Issuer A finds out you were late paying Issuer B, Issuer A can raise your interest rate. Many consumers are unaware of the dangers because they don't read or don't understand the credit card agreement. Experts caution that the penalty doesn't have to kick in for big-ticket items

such as a car or a mortgage payment; it could be for something as innocuous as an overlooked \$30 phone bill or a forgotten \$20 book club subscription.

Head off problems by applying for New Mexico Energy FCU's credit card. We will never take advantage of our members with deceptive practices. And remember, once a negative hits your credit report, the damage is done. ■



Ensuring a Smooth Move

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 NM Energy FCU, you're always a member and we can continue to serve your needs whether you are around the block or across the nation. With direct deposit, Internet access, nationwide Shared Branching, and 24-hour access, NM Energy FCU makes continuing your credit union membership easy. ■

Does Your Homeowner's Insurance Policy Have a Replacement Cap?

Many consumers assume that if their house is completely destroyed, their insurer will pay whatever it takes to rebuild it. Most insurers, however, set a limit on replacement costs. Typically, this cap equals the replacement value stated in your policy plus 25%. Thus, if your policy pegs the replacement value at \$200,000, the insurer will pay no more than \$250,000 to rebuild your home.

However, construction costs continue to climb as materials become scarce and contractors are in high de-

mand. That \$250,000 may be insufficient to cover rebuilding a house like the one you had, and you'd be stuck with paying the extra costs. Here's an important tip: Check the replacement cap in your policy. If you want a policy with no limit — guaranteeing to pay whatever it costs to rebuild — you'll have to purchase a special



policy, available through a few insurers. An independent insurance agent can help you find a company. ■

5,000 New Fee-Free ATM Locations

CO-OP Network, the nation's largest credit union network of surcharge-free ATMs, and 7-Eleven, Inc., have reached an agreement to provide ATM access for Network members in 7-Eleven stores across the United States. Approximately 5,300 7-Eleven stores in 30 states will offer surcharge-free ATM access to 24 million credit union

cardholders carrying the Network logo. NM Energy FCU is part of this network. Since 2000 the Co-op Network has grown by 500 percent, making life more convenient and saving money for our members. ■



NMEnergy@Home E-Bill Pay Saves Time & Worry

Have you ever found a bill that you thought you'd paid earlier in the month? Now it's late. New Mexico Energy FCU's electronic bill payment service can eliminate this worry. Direct payment is the electronic transfer of an authorized payment from a member's checking or savings account into the account of a biller, financing or investment company. It's ideal for recurring payments such as insurance premiums, automatic investment and savings plans, mortgage payments, auto loan payments, and charitable donations.

You can schedule payments in advance so bills get paid even when you're away on vacation or business. Electronic bill payment studies show that consumers using automated bill payment generally become more responsible with funds and have higher account balances. Over a 31-month period of using automated billing services, checking account balances increased by 38%. Now that's something to cheer about! ■ www.nmenergyfcu.org



Trouble Choosing the Perfect Gift?

Try a Gift of Travel from our partner CUonVacation! You can buy travel certificates for any amount you would like and they can be used for any service that CUonVacation has to offer. Our agents are available to assist you in estimating how much you would like to spend at 1-800-MONTROSE, or you check out your options online from our site at www.nmenergyfcu.org in our "Trip Planning Tools" section. ■

Home Value Search Engines Show Home's Equity

If you're thinking about sprucing up your house, a home equity loan from New Mexico Energy FCU may be just what you need. You can tap the equity in your home with a line of credit or a loan. But how do you know the amount of equity you have available to tap? New Internet home value search engines can help.

Home value estimators generally use public record data, combined with professional appraisal techniques, to arrive at a value estimate. For instance, the characteristics of your home, such as square footage and number of rooms, are compared with recent "comparable

sales" in your neighborhood. Because this method doesn't include a physical inspection, the estimators don't take the place of professional appraisals. No automated valuation system can account for unique locations, curb appeal, or special home improvements. For selling a house, you should use a real estate professional or appraiser to establish your asking price.

Home value search engines generally calculate a value estimate and deliver a custom report within seconds. If you have questions about your home's value and are interested in a Home Equity or Home Equity Line of Credit, visit or call us to talk to a loan officer. ■

DEBIT or CREDIT? What to Choose & When

We've all done it. We're out shopping, ready to use our debit card, and the sales clerk asks "debit or credit?" We really don't know what the difference is. It's a debit card, so we say "debit," right? Wrong. By choosing "debit" and entering a PIN (personal identification number), your transaction is treated as an ATM transaction-which quickly could put you over your free monthly number of ATM transactions. Instead, when you're making retail purchases with your debit/ATM card, choose "credit." You'll bypass any potential fees, and the funds still come out of your share draft/checking account. Another good reason: credit transactions require a signature, which helps against fraud.

So save your PIN for ATM use and say "credit" when you're at the mall, gas station, or grocery store. For more information about debit cards, please contact us. We'll explain the differences between debit and credit cards and how New Mexico Energy FCU's cards can work for you. ■

Secure Shopping Online

The next time you use a credit card to pay for something online or by phone, the merchant may ask you for your three-digit code. You can find it on the back of the card, inside the signature box, after the last four digits of your account number. Merchants request the code (often referred to as a card verification code or CVC2) to make sure a consumer has his or her card and is not a thief using a stolen credit card account number. ■



Holiday Closings

- **Memorial Day**
Friday, May 26 - Close at 3:00 pm
Monday, May 29 - Closed
- **Independence Day**
Monday, July 3 - Close at 2:30 pm
Tuesday, July 4 - Closed



Mailing Address

P.O. Box 5400

Albuquerque, NM 87185

E-Mail: nmenergy@swcp.com

Web Site:

www.nmenergyfcu.org

Main: (505) 845-6939 or

(800) 825-5256, then dial 845-6939

Fax: (505) 845-4855

Smartline: (505) 845-4122

or (800) 837-6065

Lobby Hours

Monday

8:00 AM to 3:00 PM

Tuesday through Thursday

9:00 AM to 3:00 PM

Friday

9:00 AM to 4:30 PM

Closed on Federal Holidays

Note NEW

Board of Director Listing

Raymond Baca

Chair of the Board

Martha Thibeau

First Vice Chair

Madge Gardiner-Clinkenbeard

Second Vice Chair

Dan O'Shea

Secretary

Edwin Maestas

Treasurer

Alesia Bell

Policy Officer

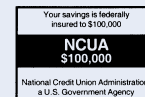
Chad Glines

Marketing Officer

Supervisory Committee

Patricia Padilla, Chair

Leonard Raab Jr.



All Individual Retirement Accounts are insured separately to an additional \$100,000.