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It's Your MONEY

Save \$\$\$: Make Your Own...

If the holidays are stressing you out because of shopping, here are a few ideas for inexpensive gifts that may help!

Baked Goodies

Most everyone loves homemade goodies! And most of the ingredients aren't that expensive.

Share Your Love and Blessings

Re-frame your expectations. Compared to many others, if you have a roof over your head, your personal belongings and memories intact, you are indeed blessed. Set yourself the task of sharing your love and blessings by blessing others, and you will be more blessed than by buying expensive gifts. If you need to realize how much your homemade gifts are worth in dollars and cents, put a dollar amount on the value of your time, factor in your time and the



cost of materials and I bet you find you are "spending" quite a lot on gifts!

Give Your Time

You are the best gift to your family and friends. For elders how about pumping gasoline for them or washing their car. Maybe make a casserole for a rainy evening and enjoying it with them. Time is so valuable to all of us and is the best gift we can give to someone we love. Happy Holidays!

Family Financial Meetings

Sit down at least once a year, preferably more, throughout your marriage to have an involved discussion about your finances. Don't wait until crisis time to review and plan. That can lead to much more stress and general anxiety associated with financial discussions. Instead, your annual financial discussion allows you both to calmly and rationally assess where you are, determine if your financial goals have changed, and decide what you need to do to meet your goals. If you have this discussion more than once a year, you'll be that much more financially in sync.

Other topics of discussion should include:

Important Documents

You both should know exactly where all your important documents are located including insurance policies, wills, tax forms, bank account numbers, investment specifics and more.

Current Debts and Assets

Add up all of your debts. See how much you have paid off in the past year and decide if that's acceptable or if you need to try harder in the coming year. Do the same with assets. Understand how your money is working for you and try to determine if it should be working harder.

Budget

Get an idea of what you've

been spending your money on. If your spending doesn't match your priorities, fine tune your budget to help you get the most out of your income.

Re-evaluate Your Goals

Revisit the financial goals you made in the last annual meeting. Are you moving toward those goals? Do those goals still matter to you? Are there other short-term or long-term goals you might wish to discuss?

Find Your Vulnerability

Find the weak links on your financial armor. Do you have too much debt? Is your revenue source (jobs, income) secure? Do you have insufficient income to cover your spending? Just identifying these weaknesses can help you avoid some pitfalls. But you should also talk about how you can strengthen these areas and incorporate these strategies into your financial goals.

Day-to-day Responsibilities

Is the division of responsibilities you made still practical? Is it working out or does one person feel overburdened?

Learning About Yourself

What have you learned about yourself regarding financial matters over the last year? Sharing your attitudes toward money with each other may help you understand how to better manage your finances.

Want a Better Credit Card? Consider a Credit Union, Study Says

David K. Randall

Sick and tired of high credit card fees? A piece of credit union-issued plastic may be the answer. That's because credit unions offer cards on terms that are significantly better for consumers than those issued by big banks, according to a newly released study by the Pew Health Group says.

The study found that the median advertised interest rates for credit cards issued by the nation's 12 largest credit unions were 20% lower than those for bank-issued cards. All told, the study looked at 400 financial institutions and was conducted by an arm of the non-profit and non-partisan Pew Charitable Trust.

The credit unions studied charged a high of 13.75% interest on cash advances, versus as much as 21.24% by banks.

Banks also penalized customers who missed payment deadlines with higher interest rates on their unpaid balances than do credit unions--28.8% for banks on average versus 17.9% for credit unions.

Credit union customers saved on other fees, too, paying a median of \$20 each for paying their bills late and for going over their credit limits; bank customers paid median fees of \$39.

Real-Time Quotes

The study looked at how financial institutions were responding to the CARD Act. The legislation, signed earlier this year and scheduled to take effect in February, will prohibit financial institutions from levying retroactive interest rate hikes on card customers' existing balances and



will require that they give customers at least 21 days to send in payments. Nearly all credit card issuers currently reserve the right to increase customers' interest rates at any time.

Since the legislation was passed, several major banks have altered the terms for their cards. Bank of America (BAC - news - people), Discover Financial Services (DFS - news - people) and Capital One Financial (COF - news - people) each increased the lowest advertised interest rate for their credit cards by 20% or more over the first six months of 2009, the study found. Wells Fargo (WFC - news - people) and American Express (AXP - news - people) were the only major

banks that lowered advertised rates.

The study found that several credit unions advertised interest rates on outstanding card balances below 10%, including Boeing Employees, Navy Federal and the Pennsylvania State Employees Credit Union.

Credit unions differ from banks in a number of ways. They are typically non-profits owned by members who share some form of affiliation. Many universities, teacher's unions and military bases have their own credit unions open to employees and their families. Now days, there are many community credit unions, that do not require a specific membership, but are open to the public.

Act Now on Expiring 2009 Tax Breaks

By Jason Alderman

In the depths of the recession the government passed the 2009 economic stimulus bill and tweaked the federal tax code to help boost consumer spending and assist people who were losing their jobs, homes and benefits. Now, several of those tax breaks, rebates and other incentives are due to expire at year's end.

Congress and the Obama Administration may ultimately decide to retain some or all of these benefits. But just to be safe, here are a few you may want to tap now, if they make sense for your individual situation:

Homebuyer tax credit. If you haven't owned a home in the past three years and meet certain income guidelines, you may qualify for a tax credit of up to \$8,000 on homes purchased before December 1, 2009. This is a tax credit, not a deduction, which means your tax owed is reduced by the credit amount. For more details, search for the First-Time Homebuyer Question and Answers document posted on the IRS website (www.irs.gov).

Property tax standard deduction. If you don't qualify to itemize deductions on your federal income tax but do



pay state or local real estate taxes, you may qualify to add up to \$500 (\$1,000 for joint filers) in property taxes paid this year to your standard tax deduction. Rules and filing instructions are complex, so read IRS Tax Tip 2009-47 at www.irs.gov for details.

Sales tax deduction for new cars. If you buy a new car, light truck, RV or motorcycle before December 31, 2009, you may be able to deduct state and local sales and excise taxes on up to the first \$49,500 of the purchase price, even if you don't itemize deductions. The deduction gradually phases out for those whose adjusted gross income is over \$125,000 (\$250,000 for married couples filing jointly). Please note that this is different from last summer's expired "Cash for Clunkers" program.

Health insurance. If you are laid off before December 31, 2009, and your employer has 20 or more employees and offers health insurance, you may qualify for a 65 percent subsidy of the cost to continue coverage through COBRA, the federal law that allows many people to retain such coverage at their own expense. Check with your human resources department and visit the Department of Labor's website for more details (<http://www.dol.gov/ebsa/cobra.html>).

Deduction for education expenses. Through 2009, parents or students may deduct up to \$4,000 for college or other post-secondary education tuition and other qualifying fees, even if they don't itemize deductions. There are

certain restrictions and income limits, so refer to the IRS' "Top Ten Facts About the Tuition and Fees Deduction" for more details (www.irs.gov/newsroom/article/0,,id=205361,00.html).

Educator expenses. Teachers and other educators who work at least 900 hours during a school year may deduct up to \$250 for eligible unreimbursed expenses they paid for out of pocket, including books, supplies, equipment and software used in the classroom. They may do so even if they don't itemize deductions on IRS Schedule A. Read Topic 458 at www.irs.gov for details.

You may want to confer with your tax preparer or financial advisor to make sure you qualify before acting on these tax benefits.



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