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New Data Processor

As many of you heard at our Annual Meeting, on October 1 we will be switching to a new data processor. This change will allow us to better serve you and offer you more of the services you have been asking for. As we prepare for this change please check our website: www.hcpfcu.coop and click on press room for updates.

Regulation CC Change

Effective July 21, 2011, a new provision that amends the Expedited Funds Availability Act will go into effect. Section 1086(e) of the Dodd-Frank Act increases from \$100 to \$200 the minimum amount of funds deposited by check or checks on a given business day that we will make available by opening of business on the next business day. If you have questions please call us at 605.725.0900.

ACH/EFT Fee Change

Effective August 1, 2011 the fee for unauthorized ACH/EFT returns will be \$25.00.

Don't Ignore That \$1 Charge on Your Card

It can be easy to dismiss that \$1 charge you don't remember making on your debit or credit card. But you should be paying attention: Scam artists often make \$1 "test" charges to see if you'll notice and take action. If you don't, crooks know it's safe to continue using your card, sometimes spending hundreds of dollars in a short time period. If you think you may be a victim of fraud, contact your card issuer and Healthcare Plus Federal Credit Union, and file a complaint with the Federal Trade Commission at <https://ftccomplaintassistant.gov>.

Board Members Elected

The three board seats that were up for re-election at this year's annual meeting were filled by Nancy Clark North, Joseph Dudley and Joy Mammenga. Each will serve a three year term.

Belle Rae Sieber has resigned from her position on the Board of Directors and Carla Van Dyke was appointed to fill the remainder of her term.

Congratulations Scholarship Winners!

The Scholarship Committee named Teresa Huber, Brooke Feickert, and Steven Barnett the winners of the three \$500 scholarships offered by the credit union. Each candidate was judged based on their academic strength, leadership qualities, extracurricular activities, and service to the community; in addition to answering the essay question: *"What does the phrase: living within your means" mean to you? How can your credit union help you achieve this?"* A fourth \$500 scholarship was awarded to our Educator Appreciation Scholarship winner, Kathryn Andersen. All the applications that were submitted were made anonymous and the committee then judged the applications.

In 2012 there will be four scholarships available: one for a high school senior, one for a college student, one for a graduate student, and one for an educator in Brown County. All four scholarships are \$500.00. If you are interested in applying for one of our scholarships next year, applications will be available online at www.hcpfcu.coop, and then click on Press Room or at either office in January 2012.

Math Errors

Numbers can fool you. But figure them differently — and you'll add to your nest egg.

• **Savings mistake** - It's silly to focus on savings if you're stuck with high-cost bills. Suppose you have a 16% credit
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Summer 2011

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card debt. Your savings earn less than 1%. Use the savings to dump the debt. You'll "gain" more than 15% (debt interest minus savings interest). Once rid of your credit cards, save your money in high-yield accounts.

• Number paralysis

Overestimating your retirement needs can overwhelm retirement goals. Rather than aim for some big, unattainable number, set interim targets. You still can reach the recommended goal of 70 to 85 percent of pre-retirement income. For an 85 percent preretiree income, have two times current household income set aside by age 40. At age 50, 4.5 times income. By age 65, 10.6.* Another approach: Save 10 to 15 percent of pay during a 40-year career. The math that really adds up is steady but aggressive savings.

• Mortgage miscalculation

Should you pay off your mortgage early? Probably not if you recently refinanced it. Instead put extra funds into investments. Let's say you're averaging, after tax, 6% a year on investments and have a 5% APR mortgage. By keeping your investments intact, you've got a 1% advantage. Plus you likely can deduct from taxes the interest on your mortgage. If your mortgage rate is higher than your after-tax Investment earnings, you have a better reason to quickly pay down house debt.

• Missed additions

Max out tax-advantaged savings. The math is on your side. Investments that pay 5% APY annually on a \$10,000 account yield \$5,500 in 10 years. If tax-deferred, the same 5% APY earns \$6,500 in interest (assuming a 15% tax bracket). If in the 28% bracket, the earnings difference is almost double. Regularly add to tax advantaged accounts, including 401(k)s. When interest rates go up, you'll up, you'll get even more advantages.

Source: Principal Financial Group

Financial Snapshot

June 2011

Members: 3,400

Shares: \$31,467,000

Loans: \$28,148,000

Assets: \$34,307,000

This credit union is federally insured by the National Credit Union Administration at least up to \$250,000 per account.

Holiday Closings:

Monday, July 4 in observance of Independence Day

Monday, September 5 in observance of Labor Day

Saturday, October 1, in order to convert to our new data processor.

Summer is here, are you ready to do something different?

Perhaps it is time to review your financial plan and goals with Ed Hargens, CFP. He is at our Dakota St location on Fridays from 9am-12noon. Appointments are recommended but not necessary. Call 605.725.9800 for more information.

Your Credit Union Offers Affordable Loans for Any Reason

Whether it's to get the advantage of our great low mortgage rates or to take a long overdue vacation...HCPFCU always gives you the most for your borrowing buck!

- Pay less and get out of debt earlier
- Low rate loans with flexible payment options
- Plus no pre-payment penalties

Call HCPFCU today and See What We Can Do!

Huber's housN 411

Do you have questions about your house or mortgage? You can send your questions to CJ Huber, Senior Mortgage Specialist. Just go to our web site www.hcpfcu.coop and click on **housN 411**. CJ will answer your questions and then feature some in this spot each quarter.

What Do Those Mortgage Terms Mean?

Understanding mortgage terminology can be one of the most frustrating parts of purchasing a home. Often times you feel as though you're functioning in a foreign land where everyone speaks a different language. Taking a few moments to understand mortgage terminology can go a long way in reducing your stress as you make your way through the mortgage maze.

Acceleration Clause—a clause used in a mortgage that can be enforced to make the entire amount of the loan and any interest due immediately. This is usually stipulated if you default on a specified number of installment payments (in some cases, just one payment.)

ARM (Adjustable Rate Mortgage)—a loan in which the interest rate may fluctuate, increasing or decreasing, during the course of the loan.

Alienation Clause—a clause in a mortgage that states the entire balance of the loan becomes immediately due if the property is sold.

Amortization—the process by which the interest on a loan is payable in periodic installments over the course of the loan.

Buy-down—usually refers to a payment a borrower will make to a lender in exchange for lowering the interest rate on a mortgage loan.

Equity—refers to the value a homeowner builds into their property that is above and beyond the outstanding balance on the property.

Escrow—a special account or transaction where funds (and sometimes documents) are placed. There are usually specific circumstances attached to the placement of funds and documents into escrow.

Fixed Rate Mortgage—a loan where the interest rate remains the same throughout the course of the loan.

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Foreclosure—a legal process by which property that was used to secure a debt is sold in order to satisfy the debt. This occurs when there has been a default in payment on the debt.

Fully Amortized Loan—a loan in which both the principal and the interest are paid in specified installments. The loan is reduced to a zero balance at the end of the loan term.

Lien—a legal claim against personal property. When a borrower has a mortgage on a home, the lender will hold a lien against the property in case of default. The mortgage itself acts as the lien.

Mortgagee—lender in a loan transaction.

Mortgagor—borrower in a loan transaction.

Negative Amortization—a situation when the payment the borrower makes on the loan is not enough to cover both the interest owed and the balance. The outstanding interest is added back into the loan.

Origination fee—the fee charged by a lender in order to cover the costs associated with taking the application on the loan, processing the loan and closing the loan. In most cases, the origination fee is a percentage of the amount of the loan.

PITI—acronym refers to Principal, Interest, taxes and insurance.

Point—a unit of measurement used for various loan charges. One point typically equals 1 percent of the loan amount.

Prequalification—process many borrowers choose where they consult a lender about the amount of money they are qualified to borrow before they actually select a home to purchase.

Prepayment penalty—financial penalty imposed when a borrower pays off the loan early. This fee is intended to reimburse the lender for any lost interest due to the loan being paid off early.

Secondary mortgage market—the purchase and sale of existing mortgages. This market is intended to provide greater leverage for lenders and increased availability of funds for borrowers.

Underwriting—decision making process lenders use to review all the information on a borrower and a proposed property.

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