

Spotlight

SUMMER | 2009



Your best interest always comes first.SM



In the News: Credit Card Interchange

Many of you have noticed in the news that merchants and retailers are raising concerns about the interchange fees they pay, and asking congress to intervene in the market to lower rates that have traditionally been established through contracts. Interchange is a fee (about 2% per transaction) that merchants pay to card issuers (like UW Credit Union) in order to provide consumers with a safe and convenient way to pay for goods and services.

Merchant groups are stating that the fee is a "hidden tax" on consumers because it gets incorporated into the price of the good or service being purchased. One could argue that this expense is no more a hidden tax than any of their other operating expenses. Efforts to introduce government regulation of interchange in other countries have shown that if the fee is lowered, retailer profits improve and consumers do not see lower prices.

Now the U.S. Government Accountability Office has initiated a study on the use of credit by consumers and specifically, the effect interchange fees have on merchants and consumers. The result of these efforts may lead to a legislative push to decrease the interchange fees financial institutions recoup from retailers every time a consumer uses their credit card to make a payment. If this type of legislation would pass, UW Credit Union and similar financial institutions would be seriously disadvantaged.

While recent legislation to curb anti-consumer practices in the credit card business was welcomed by UW Credit Union, it now appears that some merchant groups are moving to take advantage of the public sentiment against the big credit card companies. However, the fact is that many community banks and credit unions could not offer credit or debit card programs without interchange fees to help cover their costs. The reason is simple; the bulk of the expense of maintaining today's credit card payment system is borne by banks and credit unions, rather than the merchants. This is one of the reasons that merchants first embraced this system.

The chart below outlines the responsibilities of card issuers and merchants, and the key benefits that credit cards, supported by interchange fees, provide to each.

UW Credit Union	Merchant
Responsibilities <ul style="list-style-type: none"> ▶ 100% of Card Issuing Expense ▶ 100% of Card Operating Expense ▶ 100% of Fraud Losses ▶ Statement & Call Center Services 	Responsibilities <ul style="list-style-type: none"> ▶ 2% Interchange Fee
Benefits (to members) <ul style="list-style-type: none"> ▶ A safe, easy way to pay for goods & services ▶ Zero liability on fraud ▶ Grace period for interest-free payment on all purchases ▶ Worldwide & universal acceptance 	Benefits <ul style="list-style-type: none"> ▶ Immediate & guaranteed payment ▶ Consumer convenience & safety ▶ Increase in goods & services purchased ▶ Lower costs handling checks, currency & related losses

As this battle becomes more politicized, we may ask our members to voice their concerns to our elected representatives about the need to maintain a fair balance in card interchange. As a not-for-profit cooperative, it's critical that local and national merchants provide a fair return for the business they receive from our members.

Help Your Student Get Ready for College the Easy Way

Our Campus Package is easy for students to manage and includes free essentials for everyday use.

Checking.
No minimum balance.

Free Debit Card.
Unlimited, free ATM transactions.

Free Online Banking.
Free access to balances, statements & bill pay.

Visa® Student Credit Card.*
Helping to build credit responsibly.

Savings Account.
For future purchases or emergencies.

Reserve Line of Credit.*
Defense against bounced checks.



Plus, when your student opens a Campus Package online at uwcu.org before August 20, they'll be entered to win our College Essentials Package. It includes everything students need to help make it a great school year.

Study 13-inch Aluminum MacBook

Play Nintendo Wii™

Stay in Shape Wii Fit™

Capture Memories Canon camera

Take a Trip Garmin® Navigation system

Rock Out 8 GB iPod Nano

Read \$100 to Barnes & Noble

Eat \$100 for Groceries

*College Essentials Package valid with Campus Package services. Not necessary to open an account to win. To enter, send a 3 x 5 card with name, address, city, state, ZIP, email and daytime phone to: "Registration Sweepstakes," UW Credit Union, PO Box 44963, Madison, WI 53744-4963. New accounts opened online and mailed entries have an equal chance of winning. Submission deadline 8/20/09 with drawing held 8/24/09 at UW Credit Union. Winner notified by phone or mail. By law, this prize must be reported for tax purposes. Employees and their family members are not eligible to win. *Must be age 18 for credit card and reserve line.*

Common Money Mistakes Made by Couples

Whether you are a newlywed or have celebrated a few anniversaries, use these tips to avoid the most common money issues faced by couples.

1. Know where your money goes and have a budget. Track your spending for two months to determine what you are spending money on. Include fixed expenses such as mortgage, rent and car payments as well as expenses that fluctuate, such as utility bills. After you determine your budget, you can also work on your savings and investment goals as well as avoiding any pitfalls.

2. Share financial responsibility. It's OK to give one person the bill paying duties, but both individuals should have knowledge of day-to-day finances and decision making for large purchases. Plus, information should be shared regarding bill due dates, account information and account passwords in case something happens to the designated bill payer. You may even want to have a day set aside each month where you discuss your budget together.

3. Don't keep money secrets from each other. To avoid arguments, tell your spouse about any debt you have coming into the relationship along with any regular spending habits you have.

4. Don't marry your debt. If you are newlyweds, make a plan to pay off any existing debt, but be sure to keep the debt in the original debtor's name. Adding the other spouse can hurt his/her credit score and make it harder to obtain credit for both of you. You will also need to determine what large purchases to make or avoid—such as the size of wedding you want, honeymoon, furniture and appliances.

5. Plan ahead. It's important to save for future purchases and emergencies such as car repair or unexpected medical expenses. It's ideal to have about six months of expenses saved up to be ready for just about anything.

UW-Madison Partners with UW Credit Union to Provide Financial Services on Campus

UW Credit Union was chosen by the University of Wisconsin Board of Regents to provide banking services to the UW-Madison campus community. These services include a full-service branch at the new south campus Union when it opens in spring 2011, 18 surcharge-free campus ATMs and enhanced ID Wiscard service that allows PIN-based debit transactions. UW Credit Union will provide an interim office at Memorial Union until the south campus Union is complete.

Introducing Paycheck Advance

UW Credit Union is offering members an alternative to traditional payday loans, Paycheck Advance. This innovative program gives members in good standing access to a short-term loan without the traditional loan application process.

Paycheck Advance is designed to be a better alternative than a traditional payday loan. The program offers an interest rate dramatically lower than the average offered by storefront payday lenders. Paycheck Advance has a fixed interest rate of 21.75%. The national average interest rate for payday loans in 2008 was 391%, according to *The American Prospect*, *The New York Times* and Consumer Credit Counseling Services.

The Wisconsin legislature is considering a bill to limit payday loan interest rates to 36%. UW Credit Union applauds this effort to protect consumers caught in a cycle of high-cost debt. We're proud to do our part by offering an alternative loan option at an even lower cost for our members.

In addition, Paycheck Advance does not subject members to unreasonable rates, fees and finance charges of a traditional payday loan—providing the ability to pay the loan off versus continual rollover. The loans are offered in amounts from \$50 to \$500, and require a \$50 minimum payment per month.

Paycheck Advance Features

- ▶ No application fee
- ▶ No monthly service fee
- ▶ No prepayment penalty
- ▶ Low monthly payments, \$50 minimum
- ▶ Use it at your convenience, without reapplying

Our financial specialists can help you determine if Paycheck Advance is right for your situation. To learn more, visit uwcu.org.



Fitchburg Branch Now Open

Our Fitchburg branch is now open at 6331 McKee Road near SuperTarget in the Orchard Pointe Shopping Center. Stop in today to enjoy all the great services you've come to expect from UW Credit Union.

UW Credit Union Scholarship Program

UW Credit Union supported local high schools with \$11,000 in scholarships this May. Twenty-two graduating seniors from fourteen high schools throughout the state received money to help pay for college.

The students who received the awards were strong in academics and active in their communities. Many of them also had jobs. Recipients of the scholarships are attending a UW System school or Madison Area Technical College in the fall. UW Credit Union has been awarding graduating high school students since 1999 and has donated \$188,000 over that time.

Scholarship Recipient

Alec Walkner
Aya Yassin
Aylee Yang
Brianna Ramsey
Brittany Viviani
Dayne Legreid
Elliot Nelson
Erin Stumbras
Gabrielle D. Highdale
Jaclyn Saunders
Jacob Charles Wolter
Jordan Simonis
Katherine Duggleby
Kyle Banigan
Laura Bronk
Megan Johnson
Melissa Jane Stalowski
Melissa Miritz
Monica Rincon-Hernandez
Samir Darba
Siddique Akram
Timothy McCormick

High School

Madison West
Madison Memorial
Madison East
Middleton
Stevens Poin
Verona
LaFollete
Sun Prairie
Madison East
Verona
Green Bay Preble
Monona Grove
McFarland
Monona Grove
Stevens Point
Madison West
Edgewood
Whitewater
LaFollette
Middleton
Milwaukee Nicolet
Madison Memorial

College Attending

UW-Madison
UW-Madison
UW-Madison
UW-Madison
UW-Stevens Point
UW-Madison
UW-Madison
UW-Madison
UW-Madison
UW-Madison
UW-Madison
UW-Eau Claire
UW-LaCrosse
MATC
UW-Stevens Point
UW-Madison
UW-Eau Claire
UW-Whitewater
MATC
UW-Madison
UW-Madison
UW-Eau Claire

Free Trials— Read the Fine Print

Free trials are a great way to test new products, but they often come with a catch. Use these tips to make sure so you don't get billed unexpectedly.



- ▶ If you give your credit or debit card number, the product is truly not free.
- ▶ Read the merchant's terms and conditions carefully. Never complete a transaction without doing so. This is the part when you click a box saying you have read and accept the terms and conditions. Often you will need to cancel the membership to avoid being billed for additional products or services.
- ▶ Some free trials will automatically sign you up for monthly billing from other companies, so make sure to read the fine print carefully.
- ▶ If you have a trial product and decided you don't like it, most merchants will require that you return the unused portion to receive a refund, minus shipping and handling.
- ▶ The product must be returned to the merchant based on their return policy requirements. Seldom can you get by with "Return to Sender." Many companies require a Return Merchandise Authorization (RMA) number.
- ▶ If you are billed after the cancellation date, you must contact the merchant to resolve the dispute. It can be difficult to resolve the claim through your credit card company financial institution if you read and accepted the terms and conditions. If you have any questions about free trials you've signed up for using your UW Credit Union credit or debit card, contact us at 800.533.6773.



Imagine the Possibilities Home Equity Lines of Credit

Plus, enjoy the convenience of locking in all or part of your balance.¹

Our affordable lines offer you the low payments and flexibility you need—complete home improvements, consolidate debt, pay for college expenses and more.

Affordable

- ▶ Low rate
- ▶ No closing costs
- ▶ No annual fee
- ▶ No early pay-off penalty or other “hidden” fees

4.49% APR*
Variable Line of Credit

Getting started is easy. Apply online at uwcu.org, call 800.533.6773 or stop by one of our branches.

*Line of credit—During the 15-year draw period, the minimum monthly payment for HELOC 80% and HELOC 90% will be the greater of (a) \$50 or (b) the accrued interest on the outstanding balance under the agreement as of the close of the billing cycle. The minimum monthly payment for HELOC 100% will be (a) \$100 or (b) 1.5% of the outstanding balance, whichever is greater. However, if you exceed the maximum principal loan balance allowed under your agreement, you will also be required to pay an amount sufficient to reduce your principal loan balance to the maximum principal loan balance allowed under the agreement. Balances of less than \$100.00 must be paid in full. Late payment fee: \$10 or 5% of the unpaid amount due, whichever is less. Rate indexed to prime. APR is subject to change monthly but cannot exceed 18%. The rate will never fall below 4.49% for HELOC 80%, 4.99% for HELOC 90%, or 8.99% for HELOC 100%. No annual fees.

¹You may exercise up to a total of 5 options during the draw period of your plan. Each option must be exercised for an advance/balance of at least \$5,000.00. A \$25.00 fee applies each time you exercise the option.

Recycle Your Unwanted Items

If you've completed your Spring Cleaning and are unsure of what to do with the things you no longer want, use these tips to avoid adding to landfills while earning extra money.



- 1. Donate to a tax-exempt organization to earn a tax deduction.** Items you donated should be in good condition. The IRS lets you deduct the fair market value of clothing or household items and suggests claiming values that you would be paid if you took your items to a retail shop. Learn more by reading IRS Publication 526-Charitable Contributions and IRS Publication 561, Determining the Value of Donated Property. You can also use Turbo Tax's ItsDeductible online to help determine your values. Remember to keep a list of the items you donate.
- 2. Sell your items online using sites like craigslist or eBay.** It is estimated that you can receive 30 to 50 percent of the retail cost of your item. If you choose craigslist, you may want to pursue a cash only option so you aren't given a bad check.
- 3. Have a garage sale.** Place an ad on craigslist or in your local paper or shopper publication. Be aware that buyers may try to negotiate with you for lower prices.
- 4. Sell your items through a consignment shop.** This is ideal for brand-name clothing in near perfect condition. Visit your local shops to learn about what items they will accept in addition to how you will be compensated.

Instant Issue Debit Cards are Here

Whether you are opening a new account or need a replacement card, Instant Issue debit cards can be printed at our branches in minutes. Leave with your debit card the same day. Plus, you have many designs to choose from—choose your favorite campus color, or be reminded of a favorite game day pastime with our exclusive Jump Around Visa® debit card. Look for a red design coming soon.

Milwaukee Skyline Credit Card

Starting in July, we will be offering a Milwaukee Skyline credit card design in addition to our Madison Capitol and standard designs.

Look for more information coming soon at uwcu.org



Union Terrace Stage Sponsorship

We are excited to continue our sponsorship of the Memorial Union Summer Stage. Part of our sponsorship funds for the Summer Stage help fund social education and summer programming at the Memorial Union Terrace. It also supports larger programs like the Isthmus Jazz Festival and the Madison World Music Festival. To view a list of events, visit union.wisc.edu/music.

MS Bike Ride Sponsorship

UW Credit Union is a sponsor of the Bike MS 2009 Best Dam Bike Ride taking place from August 1-2, 2009. The ride raises funds for research, programs and direct services for more than 10,000 people living with multiple sclerosis. The ride begins in Waukesha, overnights in Whitewater and ends in Madison. Culli's UW Credit Union Flyers will be riding in the event, and employees will also be volunteering.

We're Listening— New Transaction Slips

Based on member feedback, new transaction slips will be implemented at all of our branches by mid-summer. The new transaction tickets have been designed to be easy to use and support new image technology that will be introduced at the same time. There will be three new transaction slips: Deposit, Withdrawal and Transfer.

UW-Whitewater ATM Contract Extended

Continuing our partnership with UW system schools, UW Credit Union's ATM contract with UW-Whitewater has been renewed. It continues our efforts to provide a fee-free ATM environment to campus communities.



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