

Essentials

Maintain good financial health: *Stay on top of your debt*

Welcome to the Select Savers Club! The Select Savers Club (SSC) is a not-for-profit club designed to educate and empower its members with financial knowledge. We are committed to helping our members achieve their financial goals with information on spending, saving, borrowing, and managing money and debt wisely. Membership is open to anybody with a desire to learn about financial matters, savings and the wise use of credit.

In This Issue: Several factors contribute to financial health and stability. One important factor to consider is debt. Do you have more credit card bills than you can handle? Did you take out a loan to finance your education or buy a home? There are different kinds of debt and not all are bad—some debt can even help establish good financial health and stability. Read on to learn more about the effect different kinds of debt have on your financial well-being, and how to sort out the good from the bad.



Sorting out the 'good' debt from the 'bad'

You may have heard people refer to "good debt" and "bad debt." Ideally, we'd have no debt at all because we'd be rich enough to never need a loan. But few of us belong to that exclusive club, so sometimes we take on debt out of necessity.

One key to achieving financial stability is to minimize bad debt wherever possible, while looking for opportunities where so-called good debt works to your advantage. A simple distinction: Good debt can help boost your credit rating or allow you to buy something that will increase in value over time, while bad debt often fuels purchasing items that are disposable, unnecessary or that rapidly depreciate in value.

Good debt might include:

Building credit history. One of the best

ways to build a strong credit history is to show lenders that you can pay off debt responsibly, possibly by taking out a student loan to finance your education, or by opening a credit card account and using it wisely. Lenders are more apt to qualify you for a mortgage, car loan, or other large debt if you've demonstrated sound repayment behavior, and they usually reserve their best rates and terms for good-risk candidates.

However, keep in mind that carrying excessive loans or high-limit credit cards may harm your credit rating because you could potentially take on more debt than you'd be able to pay back.

Investing in your future. According to the U.S. Census Bureau, high school graduates earn, on average, \$1.2 million over a lifetime, while someone with a bachelor's degree will average \$2.1 million—nearly twice as much. Escalating college costs sometimes force young adults to enter the workforce saddled with overwhelming debt—or cause their parents to postpone saving for retirement. Talk to a financial advisor or high school guidance counselor about scholarships, low-income grants and financial assistance options as early as possible.

“ One key to achieving financial stability is to minimize bad debt wherever possible. ”

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AT A GLANCE

Meeting of the Membership

■ 1st Quarter

Wednesday, February 27, 2008
1:00 - 2:00 p.m. (ET)
The Board Room
2 Manhattanville Road
Purchase, NY

Annual Meeting

- The 2nd Annual Meeting of the Select Savers Club (SSC) will take place on Wednesday, April 30, 2008. The meeting is scheduled to begin at 1:00 p.m. (ET) at SSC Headquarters in Purchase, NY. All members are invited to attend.

USEFUL WEBSITES

- SelectSavers.org
- PracticalMoneySkills.com
- ftc.gov/ftc/consumer.htm
- SmartAboutMoney.org
- quorumfcu.org

NEWS & UPDATES

2008-2009 Board of Directors

Elections for the 2008-2009 Board of Directors will take place at the Annual Meeting on April 30, 2008. Directors are elected annually for a term of one year. All members are eligible to run for election. If you are interested in being nominated, please e-mail us at info@SelectSavers.org before Monday, March 31, 2008.

This is your chance to get involved—we hope to see you there!

Sorting out the 'good' debt from the 'bad' (cont...)

Buying a home. Chances are, once you pay off your mortgage your home will be worth far more than it originally cost. Plus, the interest and mortgage points you pay are tax-deductible, which lowers your taxes. Just make sure you don't buy more house than you can afford—that includes mortgage payments, insurance, property taxes, utilities and repairs. (The same goes for buying too much car.)

Bad debt. Fancy meals out, excessive vacations, and unnecessary clothing or electronics all can result in bad debt if you're not careful. If you can't pay the bill in full within a month or two, re-examine whether it's a worthwhile expense, particularly if you don't have an emergency cushion of money in the bank or are trying to save for a car or home.

There are many warning signs you may be carrying too much debt—bills start piling up, you can barely afford minimum payments, using one credit card to make payments on others, etc. Practical Money Skills for Life, a free personal financial management site sponsored by Visa Inc. (www.practicalmoneyskills.com/debt), contains a complete guide to debt management, including calculators that help you determine the true costs of borrowing.

Bottom line: Used correctly, certain debt can work in your favor. Just make sure you're managing the "bad" debt so it doesn't manage you.

Article by Jason Alderman

Source: www.practicalmoneyskills.com

Quorum Federal Credit Union & BALANCE Financial Fitness



In November of 2007, the Select Savers Club introduced an exciting new member benefit—eligibility for membership at Quorum Federal Credit Union. In addition to quality financial products and services, Quorum also offers members free comprehensive financial education and counseling through BALANCE Financial Fitness Program.

About BALANCE Financial Fitness. BALANCE offers free, unbiased financial education and consultation services to Quorum members. Some topics of interest include money management,

debt management, buying a home, avoiding foreclosure, and identity theft solutions.

About Quorum Federal Credit Union. Quorum is a full-service financial institution owned and run by its members—currently over 48,000. As a not-for-profit institution, all profits are returned to their members in the form of better rates, products and services.

If you are interested in learning more about BALANCE, the Credit Union or any of their products and services, visit quorumfcu.org or call 800.874.5544.

SELECT SAVERS CLUB INFORMATION



This newsletter is published quarterly for members of Select Savers Club, Inc.

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