Louisville Federal
Credit Union

EAGLE'S NEST
JUNE 2015

Why Do Credit Unions Talk Funny?

Credit unions offer many of the same services you find at other financial institutions, but sometimes use different words to describe familiar activities. It's all part of what makes credit unions significantly different from other financial service providers.

Your credit union savings represent your "share" in the financial cooperative, which is what a credit union is. Thus, you have a share savings account, or, for a fixed-term account, a share certificate account. And if you have an account you use, for example, to pay bills and finance daily recreation, you have a share draft account, so named because you're able to draw on your shares. In all respects, these accounts work the same way savings, certificate of deposit, and checking accounts work at other institutions.

Dividends are the share of earnings Louisville Federal Credit Union distributes to shareholders--members.

Fees and borrowing rates are lower, and savings rates higher, because credit unions are not-for-profit financial cooperatives. Profit-driven financial institutions like banks must make money to pay stockholders in proportion to their holdings. All credit union members benefit from the credit union's financial success, but bank income bypasses customers to pay a limited number of stockholders.

Your credit union shares are backed by share insurance up to $250,000. And Louisville Federal Credit Union undergoes rigorous examination by Financial Standards Group, Kentucky Department of Financial Institutions, and the Supervisory Committee to assure sound operation and management. LFCU received its operating charter--permission to do business and the rules it must observe--from National Credit Union Administration in 1924 and is the oldest credit union in the state.

The directors and management comply with the charter and also with the credit union's own bylaws. These are rules that members and directors adopt to define the credit union's field of membership (who's eligible to join), set the par value of shares (in other words, is each share $25, or some other value depending on the credit union), and describe common credit union functions.

Now that we're all speaking the same language, call 502-458-2681 or stop by one of our branches for information about membership or financial services--on your terms, of course!

4 Ways That Credit Cards Will Change by 2020

By Jason Steele

It's hard to believe how some things have changed during our lifetime. Not long ago, we used to hurry home to watch our favorite shows on low-definition televisions, but now we stream high-def programing on demand through the Internet onto any device with a screen. In addition, we now have our choice of dozens of hybrid and electric cars that don't quite drive themselves yet, but may just do so in the not-too-distant future. Given the fantastic pace of innovation, what might we expect from our credit cards in the next five years?

1. Chip and PIN Everywhere

While 2015 will be the year that most merchants in the United States adopt smart-chip compatible terminals, the technological migration away from magnetic stripes still has a way to go. Nearly all card issuers and merchants are just now using the chip-and-signature implementation, which just replaces the magnetic stripe with a more advanced microchip. So if someone steals your credit card, it can still be used fraudulently. The next step is to migrate to the chip-and-PIN standard, already in use in Europe and several other parts of the world. Only when credit card transactions require the input of a personal identification number (as ATM transactions do now) will we truly reach the next level of security.

2. One Card Fits All

There are currently several companies vying to introduce a single credit card that will store and transmit the information from all of your accounts. Right now, these cards cost more than $100 apiece, and none has proved itself in the marketplace. But cardholders can expect that the quality of these devices will rapidly improve while the price falls to a level considered to be an affordable, or perhaps even negligible, expense.

3. A Standardized Smartphone Protocol for Credit Cards

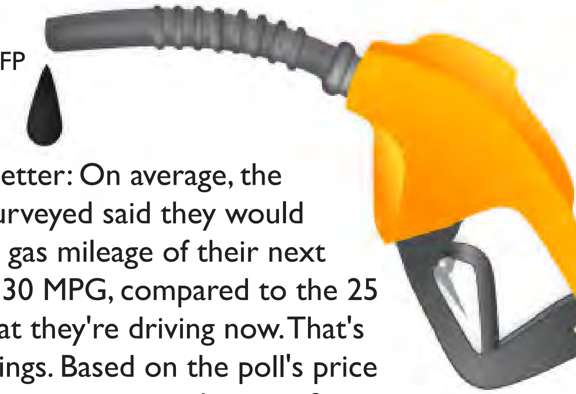
When it introduced Apple Pay, Apple made prominent the idea that we could make payments with our mobile devices. Nevertheless, the adoption of the iPhone and the Apple Pay standard has been far from universal. So it seems logical that the next step in the evolution of mobile payments will be an industrywide technological standard, rather than a proprietary one, much like the EMV smart chip and the magnetic stripe that came before it.

4. Taking the Card Out of Credit

You don't carry around a plastic card that represents your savings account or investments, so why do you need a physical object to represent your line of credit? The purpose of the credit card itself is to authenticate the transaction, and it isn't very good at that. Since credit cards can be lost, stolen, damaged, or just left at home, perhaps the ultimate solution will be to carry no credit card at all. Inexpensive fingerprint readers, like the ones in every new iPhone, could be easily included in merchant terminals, allowing us to leave our cards at home. When shopping over the phone or online, our devices could store and transmit our account information, making the plastic credit card itself into a relic of past.

Gas Prices Begin a Rebound: 5 Things to Know Now Before You Buy Your Next Car

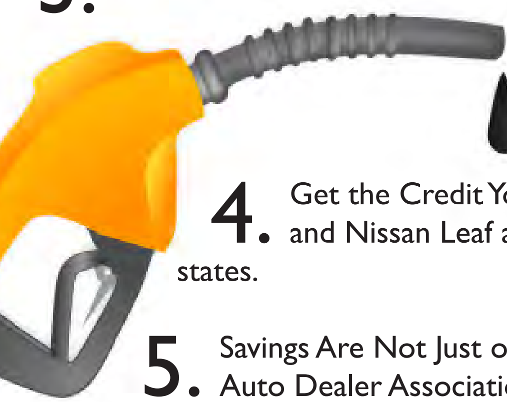
By Hal M. Bundrick CFP



1. 28 MPG or Better: On average, the consumers surveyed said they would be looking for the gas mileage of their next vehicle to around 30 MPG, compared to the 25 MPG rating of what they're driving now. That's a solid step to savings. Based on the poll's price expectations, driving an 18 MPG gas guzzler would cost you nearly $5,000 more on gas over the next five years than driving a 28 MPG vehicle. Most of us keep a vehicle for an average of at least five years, and with where we think prices are headed, driving an 18 MPG vehicle would see your current $178 average monthly gas costs nearly double in five years to $325 per month. Maybe our motto should be "28 MPG or better."

2. Shop Smart — It's Not All Gravy: A hybrid vehicle can generally cost you a 20% premium over an identical conventional gasoline engine model. Electric or part-time electric models are usually even more expensive. The break-even point a couple of years ago was about four years, however these days it can take closer to eight years to recoup your investment. But as gas prices go higher, that investment break-even point will shrink once again.

3. Green Cars Are Going for Less Green: While some consumers with short memories and unbridled optimism are buying trucks, SUVs, and other gas guzzlers while fuel prices are low, dealers are discounting the currently out-of-favor fuel-efficient vehicles, plug-ins, and hybrids. Discounts on green cars are running 15% or better, and you're banking as much as 40-50 MPG.



4. Get the Credit You Deserve: Some advanced hybrid and electric vehicles like the Chevrolet Volt and Nissan Leaf are eligible for a $7,500 federal tax credit, with additional credits available in some states.

5. Savings Are Not Just on New Cars: Cheap gas is also impacting the used vehicle market. The National Auto Dealer Association says used mid-sized and full-sized pickups and SUV prices are up as much as 5%, while midsize and compact cars are discounted that much, or more.

Now that we have your attention...

When you refinance your automobile to LFCU we'll not only lower your rate and monthly payment, but for a limited time we'll give you $100.* Talk to a MSR for more details.

Don't have an auto loan, but would still like $100? No problem. Just refer new members who refinance their automobiles to LFCU and you'll both get $100.*

Promotion Ends: 06/30/2015
*Restrictions Apply

Louisville Federal Credit Union

Know Your Points:

No Points.
No Gimmicks.
and for a Limited Time,
No Closing Costs.*

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JUNE BUYING TIPS:

With Father's Day in June, all sorts of tools go on sale. You're sure to find some of the lowest prices of the year in June. Be sure to buy close to Father's Day that way you get the best deals.