

Report Card

Orange County Teachers
Federal Credit Union

APRIL 2002

Check Out OCTFCU's Deal on Wheels Used Auto Loans at our New Auto Loan Rates

With today's high sticker prices, used cars are a popular alternative for many consumers. Yet car dealers rarely offer low-rate incentives for used vehicles. That's why if you're in the market for a used car, you'll want to check out our *Deal on Wheels*. Through April, you can get a used auto loan with our new auto loan rates—starting as low as 5.75% APR[†] with a 25% down payment.

Even without this special rate, OCTFCU used auto loans are one of the best deals in town. They feature:

- ◆ No application or funding fees
- ◆ No pre-payment penalty
- ◆ Terms up to 84 months

Used Auto Loan
as low as **5.75% APR[†]**
with 25% Down

If you prefer to finance 100% of the purchase price, we offer extremely competitive rates, starting as low as 6.75% APR.^{††} You can also refinance your existing loan from another lender to take advantage of our low rates. However, this offer does not apply to the refinance of existing OCTFCU auto loans.

Applying is Quick and Easy

To apply and get pre-approved, simply visit our web site at www.octfcu.org and complete our short, online application.

Find Kelley Blue Book Values

Want to know the Kelley Blue Book value of the car you're selling or thinking of purchasing? Visit our Kelley Blue Book link on our Auto Loan web page at www.octfcu.org, or call our Telephone Service Center.

[†]APR=Annual Percentage Rate. The rate shown here is the lowest available, requires 25% down, and reflects a 3/4 percent discount for payment made through automatic transfer from your OCTFCU Share Savings or Checking account. Offer does not apply to the refinance of existing OCTFCU auto loans. OCTFCU's loan program features a range of interest rates for some of its consumer loans. A rate is based on a variety of factors, including the applicant's credit rating and OCTFCU account history.

^{††}The rate shown here is the lowest available for 100% financing and reflects a 3/4 percent discount for payments made through automatic transfer from your OCTFCU Share Savings or Checking account.

inside this issue

Win \$100 in
our 100 More
Reasons to
Go Online
Sweepstakes

Every Penny Counts

A Message from the President/CEO, Rudy Hanley

Automated services, such as online banking, ATMs, TellerPhone, POS (Point of Sale) purchases, and MasterMoney™ debit cards, have become an integral part of today's financial services marketplace. Apart from the time savings and added convenience, these electronic transactions cost far less than their in-person counterparts.

While we are here to serve you in the way you prefer, I would ask that, when feasible, you consider our automated services. An ATM transaction, for instance, costs only one-fourth as much as a branch transaction and half the cost of conducting it through our Telephone Service Center. TellerPhone, POS, and online transactions are even more cost effective.

While the average ATM transaction costs the credit union slightly over a dollar, and POS and TellerPhone transactions cost a little more than a dime, some transactions actually generate income. When you make purchases with your MasterMoney™ debit card, the credit union receives fee income from the merchant for each transaction when the "credit" option is selected. The funds are still deducted from your account, just as when you select the "debit" option. So

Apart from the time savings and added convenience, electronic transactions cost far less than their in-person counterparts.



you can see the significant savings your choice of transaction method can make, especially given the ever-increasing number of transactions performed each day.

Because we are a financial cooperative and Members share ownership of the credit union, any savings from a reduction in operating expenses is returned to Members through low or no fees, improved rates, or additional services.

Through awareness of the related transaction costs, we hope you will be better able to determine which method of delivery best suits you. In order of most expensive to most cost effective, they are: Branch, Telephone Service Center, ATM, TellerPhone, online banking, POS, and MasterMoney™ debit card. Irrespective of the delivery method you prefer, we appreciate your Membership and respect your choice.

Discover 100 More Reasons to Go Online

Now through December 31, 2002, you could win \$100 just for taking care of your financial transactions online. That's because each time you log on to CU@Home, our online banking system, you'll automatically have a chance to win \$100 in our *100 More Reasons to Go Online Sweepstakes*.*

Each week, a Member using our online banking service will be randomly selected to win \$100. We'll deposit the \$100 prize into the winner's Share Savings account. And the more you go online, the better your chances to win.

Give CU@Home a try today. It's fast, safe, and convenient. Who knows, you could be our next winner.

CU@Home provides you with a secure environment for conducting your financial transactions online. Through CU@Home, you can:

- ◆ Obtain account balance and history information
- ◆ Transfer money between shares and loans
- ◆ View credit card purchase history
- ◆ See images of checks that have cleared your account
- ◆ Reorder checks

**Use CU@Home
and You Could
Win \$100**



**Program offered through December 31, 2002. No purchase necessary, optional entries can be made at all OCTFCU branches. Visit an OCTFCU branch or call us for a copy of the Official Sweepstakes Rules.*

as low as

5.75% APR†

USED AUTO LOANS

5.75% APR† with 25% down • Terms up to 84 months

Why You Shouldn't Tap into Your IRA

The cost of tapping into your Individual Retirement Account (IRA) usually far outweighs the benefit. Here are a few good reasons to avoid making early withdrawals from your IRA:

◆ Income Tax and Early Withdrawal Penalty

In addition to paying taxes based on your current tax bracket, you'll also have to pay a 10 percent government penalty if you're younger than 59 1/2. Depending on your tax bracket and assuming that you'd have to pay the penalty, here's how much you'd end up with if you cashed in a \$4,500 IRA:

Early IRA Distribution of \$4,500

| Tax Bracket | Net Proceeds After Tax and 10-Percent Penalty |
|-------------|---|
| 15.0% | \$3,380 |
| 27.5% | \$2,810 |
| 30.5% | \$2,680 |
| 35.5% | \$2,450 |

◆ Loss of Tax-Deferred, Compounded Income

In addition, you won't be able to take advantage of the long-term savings benefits of IRAs. If you're 35 and plan on retiring at age 55, that's 20

years for your \$4,500 IRA to accumulate tax-deferred, compounded earnings.

◆ Long-Term Benefits Outweigh the Short-Term Gain

By tapping into your IRA early, you're trading a small short-term gain today for large, long-term benefits when you retire. Let that \$4,500 grow for a while, and the net proceeds could help fund winters in Florida, vacations to faraway places, and plane tickets for the grandkids. The idea here is long-term savings, so try to hold off if you can and use your IRA for what it was intended—a great retirement!

Welcome Back!

Enterprise Used Auto Sale Returns to Tustin



You asked for it, you got it. The Enterprise Used Auto Sale will once again be held at our Tustin Operations Center:

Enterprise Used Auto Sale
Saturday, April 27
9 a.m. to 5 p.m.
(Preview hour at 8 a.m.)

OCTFCU
Tustin Operations Center
15442 Del Amo Avenue
(at Edinger and the 55 freeway)

Like all Enterprise sales, you'll be able to choose from more than 250 quality used cars, from economy sedans, to minivans, luxury cars, and SUVs. You'll also get a used auto loan rate as low as 5.75% APR† with 25% down.

You'll also enjoy:

- ◆ **No-haggle shopping**—All prices are clearly marked
- ◆ **12-month/12,000-mile warranty**—Each car comes with a free, limited warranty backed by Enterprise
- ◆ **Trade-ins welcome**—Simply bring your current registration and certificate of title or pay-off information, and insurance information
- ◆ **Personal service**—OCTFCU teammembers will be on hand to assist you with your financing

For your OCTFCU used auto loan pre-approval, complete our online application at www.octfcu.org.

Keys to a Balanced Financial Life



The Basics

Achieving a balanced financial life is important to not only ensure your long-term security, but also provide for your present needs and enjoyment. In the first of a series of articles, we'll offer a few tips to help you achieve that balance:

Diversify Your Portfolio

As the Enron situation has illustrated, it's never a good idea to have all of your retirement funds in a single investment. An appropriate balance between higher yield/higher risk investments and lower yield/lower risk investments are critical to your long-term financial health.

Prepare for Emergencies

Having easy access to three to six months worth of living expenses enables you to avoid tapping your long-term investments and incurring a loss of dividends and early withdrawal penalties. Money market mutual funds, short-term certificates of deposit, and other liquid accounts are all good options for an emergency fund.

Develop a Spending Plan

Living expenses, long- and short-term investments, charitable giving, vacation, and spending money all play an important role in a balanced financial life. Developing a spending plan can help you ensure you have money for all these things, without having to tap your savings or go into debt.

These first, basic steps can help get you started toward a balanced financial life. In future issues of *Report Card*, we'll look at some additional steps you can take to achieve that balance.

Earn Your Advanced Pay



As a teacher, you know that an advanced degree can mean ‘advanced pay,’ but between tuition and books an advanced degree can be an expensive proposition. That’s why we developed our Higher Education Loan.

Designed specifically for education professionals, our Higher Education Loan offers financing for master’s and doctorate degrees. It features:

- ◆ Loan amounts from \$1,000 to \$50,000
- ◆ A variable APR currently at 5.75%*
- ◆ A 1% origination fee
- ◆ Terms up to 120 months

Let us help you earn your advanced pay. Apply for a Higher Education Loan online at www.octfcu.org, or call our Telephone Service Center.

**APR=Annual Percentage Rate. This is a variable rate loan tied to the Prime Rate. Rate is set at the Prime Rate plus 1% and adjusts on the first day of the month following any changes to the Prime Rate by the Federal Reserve.*

Join the Adventure with Ocean Institute

Where Experience is the Teacher

For more than 20 years, the Ocean Institute, formerly known as the Orange County Marine Institute, has been leading children and adults on expeditions into the wonders of marine environment. In classrooms, at sea, and on the shore, this nonprofit educational organization serves more than 78,000 students annually through its science and history programs, which are designed to meet new California State Department of Education content standards.

The Ocean Institute offers a variety of exciting, hands-on programs for elementary, middle, and high school students, including the popular *Pilgrim Overnight*, the new *Sea Floor Science Curriculum Series* for middle school students, the new *High School Intern Certification Program*, and many more. A trip to the Ocean Institute will help enhance and strengthen any educational program. For more information, or to schedule a program, call the Ocean Institute at 949/496-2274, extension 0, Monday through Friday, 9 a.m. to 5 p.m. Or, visit their web site at www.ocean-institute.org to view their special site for educators.

Ocean Education Center Grand Opening

The Ocean Institute invites you to celebrate the grand opening of their new Ocean Education Center—the first-ever coastal observatory designed for and operated by students. To get a “sneak peek” preview tour, beginning in July and August, of the new Ocean Education Center showcasing some of the new curriculum, call 949/496-2274 and make your reservation today!



Diversify your DCP

As the program administrator of your district’s Deferred Compensation Plan (DCP), we are proud to announce the addition of American Funds Group to our 457(b) plan. American Funds is one of the nation’s largest and oldest mutual fund families. You may select from 12 of some of the best known professionally managed funds in the industry.

The 457(b) plan allows you to deposit a part of your salary into a tax-sheltered deferred compensation account each pay period through a payroll deduction. You do not pay income tax on the amount you contribute, or on any subsequent dividends earned, until the funds are distributed to you. You may also transfer some or all of your current OCTFCU DCP share certificate assets to American Funds as well.

Our pension specialist is available to review all of your DCP options and provide you with information on investment choices for your school district, including 403(b) plans. For more information call 714/258-4350 Monday through Friday, from 9 a.m. to 5 p.m. This product is available through Member Investment Services, a subsidiary of OCTFCU, and is sold through CUNA Brokerage Services, Inc.

Securities for retirement plans (Deferred Compensation Plans, 403(b) Programs & IRAs) sold through CUNA Brokerage Services, Inc., member NASD/SIPC, 2000 Heritage Way, Waverly, Iowa 50677. Not federally insured, may lose value, not underwritten or guaranteed by the credit union. FR030212-C7E4

OCTFCU Summer Saver: Your Key to Summertime Fun

Start planning for summer fun with an OCTFCU Summer Saver. Specially designed for school employees, an OCTFCU Summer Saver account can help ensure you have enough money to enjoy your time off.

5.00%
APY*

Our Summer Saver account provides school employees with an easy way to save. With direct deposit or NetCheck, and a minimum monthly deposit of \$50, you'll enjoy the benefits and flexibility of:

- ◆ A variable 4.88% dividend rate with an annual percentage yield (APY) of 5.00%*
- ◆ Unlimited withdrawals June 15 through August 31—with no withdrawal fees
- ◆ Flexible maturity dates—choose any date between June 15 and August 31
- ◆ Minimum monthly deposits of \$50 and a maximum monthly deposit of \$2,000

Plus, no matter where your summer takes you, you'll still be able to access your Summer Saver account when you use CU@Home, our online banking system. Account information is also available through TellerPhone at 714/258-4100 or 800/540-4546.

So call our Telephone Service Center and open your account today!

**APY is current as of March 22, 2002. This is a variable rate and is subject to change. APY quoted assumes dividends stay in the account. Minimum monthly deposit of \$50 and maximum monthly deposit of \$2,000. Minimum balance to earn dividends is \$50. Deposits must be made through payroll*

deduction or payroll direct deposit. You may choose any maturity date between June 15 and August 31. Withdrawals taken outside of the June 15-August 31 period are subject to a \$10 early withdrawal fee. Members requesting two transfer dates will have their funds transferred on the last day of the months requested.

Tell Us About Your Outstanding Teacher

If you haven't nominated your favorite teacher yet, it's not too late to give them the recognition they deserve. That's because even though the deadline has passed for our \$1,000 award, each of our nine branches will continue to select their own \$100 Outstanding Teachers in Orange County winners every quarter throughout 2002.† In addition to the monetary award, winners will be highlighted in each of our branch locations and featured on our web site.

To submit your nomination, simply write a letter telling us about your favorite teacher who currently teaches in Orange County and what makes him/her special. You can submit your letter online at www.octfcu.org. Entry forms are also available at any OCTFCU branch, and once completed can be mailed to: OCTFCU, Attn: Marketing Department, P.O. Box 11547, Santa Ana, CA 92711-1547.

Our \$1,000 Outstanding Teacher Award winner in honor of Teacher Appreciation Day will be published in May's issue of *Report Card*. All winners will be posted on our web site.

†Submissions will not be returned and will become property of OCTFCU. Winners must currently be employed as a teacher in Orange County and will be notified by mail or telephone. Nominations for our \$100 branch honorees may be submitted at any time in 2002. Members of OCTFCU's "Official Family" (OCTFCU staff, volunteers and their immediate family members) are not eligible to participate in the sweepstakes. Winners agree to have their names/photos published in OCTFCU promotional materials.



**Quarterly
Update**
for
school
employees

5.00%
APY*

**OCTFCU
SUMMER SAVER**

Access your Summer Saver account online at www.octfcu.org

Introducing the Auto Equity Advantage

OCTFCU's Auto Equity Advantage is a car loan option that may provide homeowners with a unique tax benefit. By establishing a lien on your home, you may be eligible to deduct the interest you pay from your taxable income.* However, your auto loan will be secured by the vehicle.



If you currently own a home, or are considering one, and have a new or an existing auto loan with OCTFCU, you are eligible for the Auto Equity Advantage Option. If you have a loan with another lender, you can refinance your vehicle with OCTFCU and take advantage of this feature.

Easy 2-Step Request Process

There is a \$100 processing fee for this special product. However, there are no appraisal or title fees, or prepayment penalties.** Follow these two simple steps to get this feature added to your auto loan:

- 1 Submit your Request at one of our branches, along with a copy of your grant deed and a check for \$100.
- 2 We'll prepare the documents for you to sign to secure your auto loan.

Upon receipt of the required documents, we will submit them for recording. Please note that the entire process may take up to 30 days from document signing.

*Please consult your tax advisor to ascertain whether the interest will be tax deductible. The credit union does not make any promises or give any guarantees as to the tax deductibility of interest paid. Interest is potentially deductible on or after the lien recording date.
 **Certain costs and conditions may apply to loans secured by real estate that may vary based on your situation.

Discover the Benefits of an OCTFCU Visa

How many credit card pre-approvals did you receive in the mail this week? Many of these mailings offer special introductory rates. However, you may find that these short-term rates are offset by annual, cash advance, and balance transfer fees.

An OCTFCU Visa may offer you a better alternative. With our low APR and high quality features, you could save money over the long term (see chart). Our standard features include:

- ◆ Fixed rates as low as 10.4% APR*
- ◆ No annual, cash advance, or balance transfer fees**
- ◆ Free convenience checks**
- ◆ Make payments and apply online at www.octfcu.org

Compare and Save

Based on a \$4,000 balance, the following is what you might expect to pay over a one-year period.†

| Credit Card/Rate | Interest | 2 Cash Advances | 1 Balance Transfer | Annual Fee | Annual Cost to Member |
|---------------------------|----------|-----------------|--------------------|------------|-----------------------|
| OCTFCU Visa 10.4% APR* | \$416 | \$ 0 | \$ 0 | \$ 0 | \$416 |
| Other Credit Card†† | \$516 | \$18†† | \$18†† | \$40 | \$592 |
| OCTFCU Savings | | | | | \$176 |

*APR=Annual Percentage Rate. OCTFCU has a credit card program that features four interest rates. Visa rates are 10.4% APR, 12.9% APR, 14.9% APR, or 15.9% APR and are based upon a variety of factors, including the applicant's credit rating and OCTFCU account history. Rates are current as of March 31, 2002, and are subject to change.

**Interest begins accruing from the date of the transaction. No grace period for cash advances or balance transfers.

†Chart is for comparison use only, your results may vary.

††Other credit card results based on 2.9% 6-month introductory APR and 21.9% subsequent APR. Based on a 3% fee on two \$300 cash advances/one \$600 balance transfer.

CALENDAR OF HOLIDAYS & EVENTS

Saturday, April 27
Enterprise Auto Sale
 OCTFCU Tustin Operations Center

Saturday, May 18
68th Annual Meeting of the Membership
 Irvine Marriott

Monday, May 27
Memorial Day
 (All OCTFCU branches closed)

HOW TO REACH US

Telephone Service Center
 714/258-4000
 800/40 CTFCU (Toll Free)
 (800/462-8328)
 714/258-4251 (Fax)
 Mon.-Fri. 7 a.m. to 7 p.m.

Web Site
www.octfcu.org

Mailing Address
 P.O. Box 11547
 Santa Ana, CA 92711-1547

Teller Phone
 714/258-4100
 800/540-4546 (Toll Free)

TDD—Telecommunication Device for the Deaf
 714/258-4227



AMERICA'S
CREDIT UNIONS

Branch Locations Open Mon.-Thurs. 9-5 p.m. & Fri. 9-6 p.m.

| | | |
|-------------------------------------|-----------------------------------|-------------------------------|
| Anaheim 1361 N. Euclid | Huntington Beach 7251 Warner | Newport-Mesa 450 E. 17th |
| Cypress 6828 W. Katella | Irvine 5305 Alton Parkway | Placentia 377 E. Chapman |
| Fountain Valley 18651 Brookhurst | Mission Viejo 26440 La Alameda | Santa Ana 2115 N. Broadway |

Service Center Locations

CSUF Service Center—Second floor of Titan Shops. Call for hours.
 UCI Express Service Center—Next to bookstore. Call for hours.

The Report Card is a publication of OCTFCU. Editorial questions and comments are welcome. Please call the marketing department at 714/258-4000, ext. 8137.
 Editor, Shannon Young

Your savings federally insured to \$100,000
NCUA
 National Credit Union Administration
 a U.S. Government Agency
 Federally insured by NCUA

