



STATELINE

ARIZONA STATE CREDIT UNION

SECOND QUARTER 2014

YOUR ACCOUNTS

Two Checking Accounts Are Better Than One

Have you heard the old saying that two heads are better than one? The same philosophy often applies to how you handle your finances. A simple solution to organize your finances is to open a second checking account. Having a second checking account can be beneficial in many ways, including for your personal and business expenses.

Keep track of your necessary expenses.

One of the most common uses for a second checking account is to help you keep track of what your expenses are. You may have automatic payments set up to pay your rent, water and electricity bills, and have manual payments you adjust every month, such as credit card payments. In order to maximize efficiency, it is helpful to have one checking account that you use for all of your necessary spending, and another account that is used for other purposes. Having all of your bills come out of one account can make it easier to track where your funds are being spent. If you're a business owner, it's helpful to consolidate your business purchases to a separate account to keep your finances simple. Having this separation of accounts is very helpful around tax time, as it gives you the


invaluable opportunity to take advantage of tax opportunities that apply only to businesses.

Determine your actual disposable income.

If you have all of your bills and automatic payments going out of one account, it can be easier to determine how much disposable income you actually have. After all of your monthly expenses are paid, the amount of money you have left over is considered disposable income. Having a separate account to put your disposable funds into is beneficial, as it lets you know exactly how much you can freely spend without going into the negative. It is also important to note that many people would simply put their disposable income into a savings account. However, this is often not ideal if you plan on spending the money right away, as withdrawing from your savings account too often can result in penalty fees.

Prepare for unexpected purchases.

Oftentimes, there are events that catch people off guard and they find themselves unprepared to pay the price associated with the unexpected costs. Having a separate account will help prepare for these events, as it provides you an opportunity to put money aside for such occasions.

These are just a few of the many benefits of having more than one checking account. Learning to balance necessities and wants will help prepare you for an organized and healthy financial future. To learn more about how we can help you with the different accounts we offer, speak with a local branch associate or visit us online at azstcu.org. 



benefits of
Checking

Security features are included. Details on back.

DOLLARS

THE YEARS AHEAD

A Retirement *Reality* Check

If you have already retired or if you can count the number of years until retirement on your fingers then please heed this friendly warning: Unless you're already making the most of your current retirement planning strategies, then it may be difficult to lay the groundwork for a financially secure future. Is your portfolio on a course that's destined to lead to a retirement income shortfall? Consider these strategies that can help improve your long-term outlook.

During Your Working Years

Determine an appropriate time frame for applying for Social Security benefits. If you plan to apply before your so-called "full retirement age," then you can expect to receive lower monthly benefits. Delaying your application could increase your benefits. Detailed information about your specific situation is available online from the Social Security Estimator. Contact Social Security at least three months before retirement to apply for benefits.

When You Reach Retirement


Make arrangements for your retirement account distribution strategies. If you participate in a workplace retirement plan, contact your employer's human resources office to learn what withdrawal options are available to you. Once you have that information handy, you'll need to decide whether to begin with-drawing money from your taxable accounts first or from tax-deferred accounts first. Keep in mind that the IRS requires most retirement savers to begin taking withdrawals known as required minimum distributions ("RMDs") from employer-sponsored retirement accounts and traditional IRAs after reaching age 70½. If you don't take your RMDs, you could be forced to pay substantial tax penalties. RMD rules recently became less complex, but it's still important that you understand them and implement an appropriate distribution strategy.

All Retirement Investors

Review your postretirement medical insurance needs. For example, you might want to think about purchasing coverage to supplement Medicare benefits. Your retirement security is very important. A smart first step to keeping your retirement strategies on track is to contact a qualified financial professional.

For our IRA Rollover promotion and other retirement inquiry, please visit your local branch or call **877.566.0517** to schedule a no-cost consultation with our financial advisors.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing.

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor. 



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The Frugal Panel: How to Make Your Credit Lines Work for You

You've just opened a brand new credit card and you're excited to start using it. However, it's important to be mindful of the purchases you make while using your credit card, as you can end up paying a lot in interest and fees if it is not used properly. Here are some of the best tips to remember when using your credit card.

Do not use more than 50% of your credit line. The best way to ensure that you're effectively building your credit is to not use more than 50 percent of your line of credit. This is because credit monitoring agencies use this to determine how much of a lending risk you are; the more you spend on your line, the less likely you are to pay it back. Keep it as low as possible to avoid harming your FICO score.

Do not open more than five credit cards. It is good to have at least three credit cards, as that allows you to establish credit history with a variety of sources. However, having more than five credit cards can negatively impact your credit score, especially if all of the cards carry balances. Having five or less credit cards makes your finances easier to manage, and will not negatively impact your debt-to-income (DTI) ratio.

Pay your credit balance in full as often as possible. Making the minimum payment is important, but if you're only making the minimum payment on your credit card, then most of your payment is only going toward interest. If you pay the balance in full each month, you will be paying nothing in interest, and will only be paying off your purchases. This will save you lots of money and will help you keep the cost of your expenses top of mind.

Keeping these tips in mind will help you build your FICO score and your credit history at the same time, both are key elements in ensuring your financial wellness. For more information on how to make the most of your credit cards, visit us online at azstcu.org. 

You Choose

Two cards, *your* choice.



YOUR CHOICE

Choice Rewards *vs.* Platinum Credit Card. It's *your* choice.

People often wonder what the benefits of using a credit card are versus a debit card. There are a variety of reasons that using a credit card is beneficial; it allows you to build your credit, which will set you up for future financial success as long as it is being used properly, and can provide you with rewards for your purchases and low interest rates. Use the guide below to determine which Credit Union card is the best fit for your needs.


Reaping the Rewards

If you're the kind of person who keeps a low balance on your credit card or who pays it off in full every month, a rewards card is a great option. If you are looking to earn rewards on your purchases, our Choice Rewards credit card is the ideal product. With a Choice Rewards credit card from Arizona State Credit Union, you will have the option to receive your rewards in the form of cash back¹, travel, gift cards, merchandise or charity donations. The variety of rewards makes this product a must-have for anyone who utilizes their credit lines frequently, and is one of the

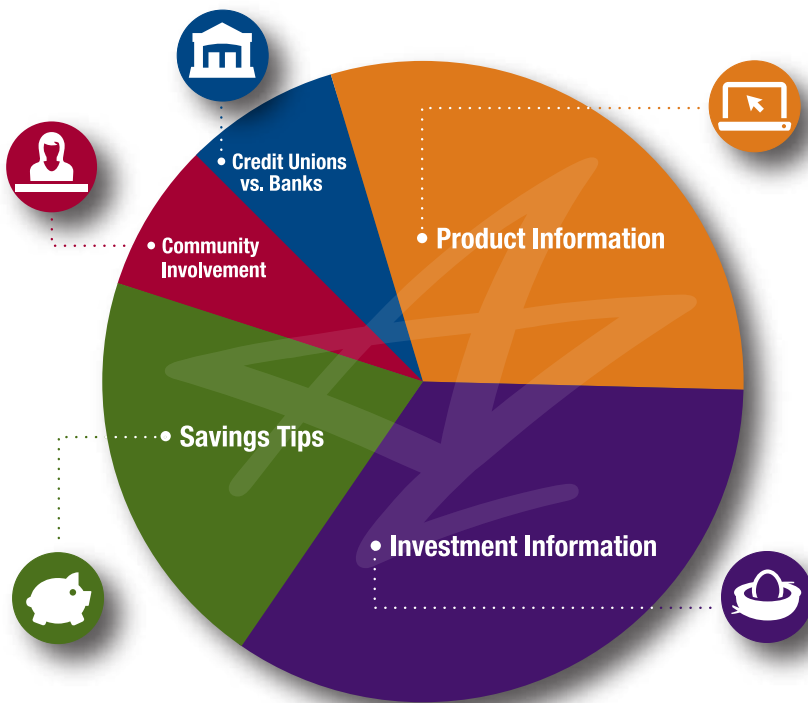
most requested Credit Union products among members.

Simplicity with Savings

Credit cards that do not fall into the rewards spectrum have many enticing elements that make them the perfect product for many members. One of the key differences is the interest rate on the card. Generally speaking, cards that do not offer rewards have a much lower annual percentage rate, in addition to lower rates on balance transfers and cash advances. If you tend to carry a balance on your card, it can be more beneficial for you to apply for a card that doesn't offer monetary rewards. Arizona State Credit Union's Platinum credit card is the perfect product to help you save while building your credit. With low interest rates on balance transfers, purchases and cash advances, the Platinum credit card is your ideal option when considering these credit options.

Learn more about which credit products best fit your needs by speaking with one of our associates today at **800.671.1098**. 

¹ For each dollar of qualifying purchases charged to your Choice Rewards credit card, you will be awarded one (1) point. Your points will begin to accumulate following your first qualifying purchase. See Choice Rewards Credit Card Terms and Conditions for complete details.



SURVEY RESULTS

We Want to Hear From You!

Dear Readers,

Thank you so much for all of your insightful comments in response to our first quarter newsletter survey. We were pleased to hear your comments and suggestions for upcoming issues. As a result of the large reader response, we will continue to reach out to you to see what you would like to see in future issues. As your local financial cooperative, we are here to provide the level of service you deserve. We look forward to hearing more from you and working for you in the coming years.

Sincerely,
Arizona State Credit Union 

Don't Forget to Vote

We appreciate your feedback. To better serve you, the third quarter newsletter will be themed based on the topic of your choice. Please visit us online at azstcu.org/survey and choose one of the options that you would most like to see next quarter.

- Investment Information
- Savings Tips
- Community Involvement
- Credit Unions vs. Banks
- Product Information



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ANNUAL MEETING

Since 1951, Arizona State Credit Union has been serving the needs of Arizona residents. We invite you to register and join us for our Annual Business Meeting.

Date: April 22, 2014
Location: Arizona State Credit Union
 Corporate Headquarters
 2355 W. Pinnacle Peak Road
 Phoenix, AZ 85027
Program: Registration 6:00 p.m.
 Business Meeting 6:30 p.m.
To Register: 800.671.1098



Working as One