



Don't Be a Victim of Foreclosure

According to RealtyTrac, 2.2 million foreclosures were filed in 2007. That's an increase of 75% from the previous year. This rise in foreclosures may worry potential homebuyers, but don't let this scare you away from your dream of owning a home.

Follow these tips before you sign on the dotted line – they may help you avoid foreclosure later on.

DO YOUR RESEARCH

- **Create a budget.** A budget will give you a good sense of where your money is going. Make sure to factor in future housing expenses, such as monthly mortgage payments, insurance and property taxes.
- **Save for a rainy day.** It's important to put money away for the times you are not as financially secure. An emergency fund can make a difference if you lose your job or unplanned expenses alter your financial status. Most financial planners suggest saving enough money to last six months.
- **Be realistic** about what you can afford. Don't let your monthly income get stretched paper thin because of a hefty mortgage payment. A good rule of thumb is to make sure your mortgage payment is less than 33% of your monthly income, before taxes and other deductions.
- **Carefully read** your loan documents. Make sure you understand the terms of your loan before signing anything.

- **Look for a mortgage, not a mortgage payment.** Don't select a mortgage loan simply because the payments are low now. Depending on your loan, your payments may increase as rates increase. Also, your monthly payment may go up over time as property taxes and insurance premiums rise.



*Home Mortgage Rates Are Low!
Visit www.SCUhome.com to review rates or apply online.*

WE'RE HERE TO HELP

At Sacramento Credit Union, we can help you find a mortgage that's right for you. Contact us today at **(916) 441-LOAN (5626)** or click www.SCUhome.com for more information.

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Calendar of Events

**Memorial Day – May 26
SCU Offices Closed**

Election Results

The Sacramento Credit Union Annual Meeting was held Feb. 21, 2008. Results of the election follow:

BOARD OF DIRECTORS

Terry Tice, Chair
 Willie L. Southward, III, Vice Chair
 Jan Reeves, Secretary-Treasurer
 John Beck, Director
 AnnMarie Boylan, Director
 Les Brown, Director
 Judy McGarry, Director
 Mark Norris, Director

SUPERVISORY COMMITTEE

Beverly Skeaton, Chair
 Gene Webb, Vice Chair
 Mary Ann Bennett, Member
 Mari Lynn Shimamoto, Member
 Pat Wilcox, Member



Home Smart Home

Enhancing Your Home through Technology

Can technology help today's homeowners go "green"? The answer is "yes!" New technology is helping to create "smart" homes that can better conserve energy, improve indoor air and help save homeowners money while they enjoy greater convenience and comfort. Here's a look at how technology is upgrading today's dwellings.



Efficient, expert lighting. Would you like to turn off all your home's lights with the touch of one button? Sophisticated systems can be installed to control lighting and other features throughout a home from any room – and, in some cases, when you're away from home (imagine turning on the porch light from your mobile phone). Lighting technology can even be automated for certain situations, such as drawing blinds and dimming lights when a DVD is started. Not only can certain lighting systems help save energy, they can provide extra security by learning the homeowner's lighting usage during a couple weeks and mimicking the usage when the homeowner is away.

Advanced climate control. Programmable thermostats – which allow homeowners to program the temperature to be warmer or cooler when they are at home – are the norm in many of today's homes. The latest types of climate control devices let homeowners control a home's temperature in predefined "zones." This means one area of the home can be warmer or cooler than another – offering even more energy and cost savings than traditional thermostats. What's more, some thermostats help control humidity independent of temperature for improved comfort.

Better air quality. Indoor air pollution is a hot topic – the Consumer Product Safety Commission and the Environmental Protection Agency report that indoor air can be more polluted than outdoor air in some of the largest and most industrialized cities. Indoor air pollution can be responsible for allergies and asthma, among other costly health concerns. Thanks to new technology, home air filtration and purification systems – from table-top models to whole-house cleaners – can improve air quality by removing harmful particles and odors. Newer homes may feature systems called energy-efficient heat recovery ventilators or air-to-air heat exchangers that bring outdoor air into the home.

THE NEXT GENERATION

Smart technology is here – and evolving. Experts report the homes of the future will be more responsive to human needs but with less human involvement, all in an effort to conserve resources, provide easier living and promote greater well-being. If you're ready to enhance your current home or build your home of the future today, Sacramento Credit Union has smart financing. Go Green – apply online at www.SCUnion.com, or call (916) 441-LOAN (5626).

Tax Law Changes in 2008

Believe it or not, now is the time to strategize for a lower tax bill come April 2009. The following are three major tax law changes in effect this year:

1. Higher IRA contribution limits. IRA contribution limits increase to \$5,000 in 2008; the amount increases to \$6,000 for those age 50 and older (includes \$1,000 catch-up contribution).

2. Change in "kiddie tax." In 2006 a law partially eliminated a tax break on custodial accounts, requiring a child's unearned income above \$1,700 to be taxed at the parents' rate until the child turns 18. A 2007 law broadens the cut-off age to include children ages 19 to 23 who are full-time students if their earned income is not more than half of their support. The inflation-adjusted amount of the child's unearned income to be taxed increases to \$1,800 for 2008.

3. Zero capital gains tax. This year, certain taxpayers in the two lower income tax brackets will pay 0% in capital gains taxes on eligible investment sales.* The 0% long-term capital gains tax rate applies to the sale of appreciated investments held for 12 months or longer and is available only to taxpayers in the 10% and 15% income tax brackets during 2008 through 2010. Note the 0% capital gains tax rate does not apply to children under the age of 18, or age 24 if a dependent student.

PLAN AHEAD

Every year brings opportunities to minimize your tax burden by making well-informed decisions. If you plan to sell investments or transfer appreciated assets to dependent children this year, be sure to check with your tax advisor for more information.

* The 0% long-term capital gains tax rate is effective in 2008 through 2010 for qualified taxpayers in the 10% and 15% income tax brackets. Unless new legislation is passed extending it, the long-term capital gains tax rate will revert to 10% for taxpayers in the lower tax brackets and 20% for all other taxpayers in 2011. Please note that neither Sacramento Credit Union nor any of its affiliates give tax advice. Please consult a tax advisor for information about your specific situation.

Investment Lessons from the Past Decade

If you've been investing for the past 10 years, you've experienced one of the most turbulent periods in stock market history.

From a return of 33.4% in 1997 to a stomach-churning -22.1% in 2002, stocks have given investors a wild ride.*

However, market cycles are nothing new. Consider the following lessons in dealing with market volatility.

Lesson 1: Don't chase returns. As you can see from the accompanying chart, different types of investments take turns leading the market. In most cases, if you try to chase returns, you'll end up selling when the market is dropping and buying when prices are going up – exactly the wrong approach. For example, suppose you decided to sell all your domestic stocks at the end of 2002. You would have missed out on the chance to reap a 28.7% return in 2003.*

Lesson 2: Practice asset allocation. By spreading your investments among different asset classes (typically, stocks, bonds and cash equivalents), you may help moderate volatility in your portfolio. If stocks are up, bonds may be down, and vice versa. When determining your target asset allocation, consider your goals, timeline and risk tolerance.

Lesson 3: Diversify. Consider spreading your investments among different companies, industries and/or investment styles within each asset class. For example, you may want to include some large- and small-capitalization stocks, value and/or growth stocks and even some foreign stocks in the equity portion of your portfolio. (Foreign investing involves unique risks, including the chance of currency fluctuations, political or economic upheaval, differences in accounting standards and lack of liquidity. A financial advisor can help you determine whether foreign stocks are appropriate for your portfolio.)

Important Notice to Credit Life/Credit Disability Policy Holders

The California Department of Insurance regulations require us to provide this annual notice to all members with a LoanLiner Agreement on file. If you currently have a policy in place, your existing policy remains in force.

Notice: This insurance may not cover an advance or charge under your credit line if your disability or death results from a condition for which you have seen a doctor or chiropractor in the six months before the advance or charge. Credit card balances are not subject to the Credit Life and Credit Disability Pre-Existing Medical Condition provision.

In the bond portion of your portfolio, you might consider including government and corporate bonds, as well as bonds of different maturities. Aggressive investors may even consider adding below-investment-grade bonds. So-called junk bonds generally provide higher returns, although at correspondingly higher risk.

Lesson 4: Consider systematic investing. Also called dollar-cost averaging, systematic investing involves investing the same amount of money at regular intervals, regardless of what the market is doing.** Dollar-cost averaging helps take the emotion out of investing, since you don't change your investment strategy in reaction to market fluctuations. You also purchase more shares when prices are low and fewer when prices are high. Over time, the average price you pay for shares may be lower than the average price of the stock.

REVIEW YOUR PORTFOLIO

No one knows what the next decade will bring. But lessons from the past can help you prepare for the future. Visit www.sactocu.org to learn more, or call SCU Investment Services at (916) 444-8599, ext. 3112 for help in reviewing your portfolio and developing a suitable investment strategy.

* Source: "Stocks, Bonds, Bills, and Inflation 2007 Yearbook," Morningstar,® Chicago. Based on large-company stocks as represented by the Standard & Poor's 500 Composite Index. Past performance is not an indication of future results. Individual investors cannot invest directly in an index.

** Dollar-cost averaging cannot guarantee a profit or protect against loss in a declining market. Consider your ability to continue investing through market cycles.

Investments:

ARE NOT NCUA/NCUSIF INSURED • ARE NOT GUARANTEED BY THE CREDIT UNION • ARE NOT A DEPOSIT
ARE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • MAY LOSE VALUE



What Was Up and What Was Down: 1998 through 2007

The following chart illustrates how different types of investments took turns leading the market during the past decade. It's important to note that past performance is not an indication of future results.

Investment	Percent Return*										
Domestic stocks	28.60	21.00	-9.10	-11.90	-22.10	28.70	10.90	4.90	15.80	5.49	
International stocks	20.33	27.30	-13.96	-21.21	-15.66	39.17	20.70	14.02	26.86	7.00	
Government bonds	10.20	-1.80	12.60	7.60	12.90	2.40	2.30	1.40	3.10	8.83	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	

* Sources for 1998 through 2006: "Stocks, Bonds, Bills, and Inflation 2007 Yearbook," Morningstar,® Chicago. For 2007: *The Wall Street Journal*, Jan. 2, 2008; and MSCI Barra, www.msibarra.com Domestic stock returns as measured by the Standard & Poor's 500 Index. International stocks as represented by the MSCI EAFE® (Europe, Australasia, Far East) Index. Bond returns as measured by intermediate-term (maturity near five years) U.S. government bonds. Individual investors cannot invest directly in an index.



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 Les Brown, Director
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 Mark Norris, Director

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 Pat Wilcox, Member

President & CEO

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Build a Rainy Day Fund

Financial emergencies come in all shapes and sizes, from a natural disaster destroying a home to sudden unemployment to unexpected illness or injury. You usually can't predict when or where a crisis may strike, but you can prepare.

As a matter of fact, one trait that most financial emergencies share is that those who are adequately prepared have a much better chance of surviving with no long-term ill effects.

Financial experts recommend that you build an emergency fund of three to six months' worth of living expenses and keep it in an easily accessible, liquid account. But fewer than four out of 10 American adults have such a cushion, according to a nationwide poll.* Older survey participants were more apt to have money on hand. More than half of people age 65 or older could get through a three-month emergency, while less than a quarter of those age 18 to 24 could.

PREPARING FOR THE UNEXPECTED

For most people, no matter what age, there's room for improvement on the financial cushion. Consider these tips.

- **Get started.** Choose a vehicle, such as a savings or money market account, and make an initial deposit.
- **Add to it regularly.** Make frequent, affordable deposits. The key is to make regular deposits, not huge ones. Direct deposit or an automatic transfer from a

checking account puts your savings on auto pilot.

- **Maximize earnings.** If you can't afford the initial minimum deposit of a money market account, start with a savings account, then transfer the money to boost your earnings when you've saved the money market account's minimum.
- **Keep it growing.** Resist the temptation to dip into your emergency fund for anything other than a true emergency. A three-day sale on that sound system you've been eyeing doesn't count.

TURN TO THE EXPERTS

Open an account, set up direct deposit or arrange for automatic transfers online at www.sactocu.org.

* Source: *Bankrate.com*, 2006.

Why Use Direct Deposit?

- **It's fast.** Your money is generally available faster than if you deposit your paycheck, Social Security check or other pension/benefit check and wait for it to clear.
- **It's easy.** Automatic deposits to your savings account make saving almost painless – you won't miss the money you don't see.
- **It's secure.** No checks sitting in your mailbox that can be stolen.

