

RESOURCE MONTHLY

BROUGHT TO YOU BY FORT MORGAN STATE BANK... "YOUR WELL OF RESOURCES"

TAKING CONTROL OF YOUR FINANCES IF AT FIRST YOU DON'T SUCCEED

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COOL TIPS ON:

- **Taking Control of Your Finances**
- **High Tech Banking**
- **Money Management at Different Life Stages**

Everybody makes mistakes with their money. The important thing is to keep them to a minimum. And one of the best ways to accomplish that is to learn from the mistakes of others. Here is our list of the top mistakes young people (and even many not-so-young people) make with their money, and what you can do to avoid these mistakes in the first place.

Buying items you don't need...and paying extra for them in interest. Every time you have an urge to do a little "impulse buying" and you use your credit card but you don't pay in full by the due date, you could be paying interest on that purchase for months or years to come. Spending money for something you really don't need can be a big waste of your money. But you can make the matter worse, by putting the purchase on a credit card and paying monthly interest charges.

Research major purchases and comparison shop before you buy. Ask yourself if you really need the item. Even better, wait a day or two, or just a few hours, to think things over rather than making a quick and costly decision you may come to regret.

There are good reasons to pay for major purchases with a credit card, such as extra protections if you have problems with the items. But if you charge a purchase with a credit card instead of paying by cash, check or debit card (which automatically deducts the money from your bank account), be smart about how you repay. Take advantage of offers of "zero-percent interest" on credit card purchases for a certain number of months (but understand when and how interest charges could begin). Pay the entire balance on your credit card or as much as you can to avoid or minimize interest charges, which can add up significantly. If you pay only the minimum amount due on your credit card, you may end up paying more in interest charges than what the item cost you to begin

with," said Janet Kincaid, FDIC Senior Consumer Affairs Officer. Example: If you pay only the minimum payment due on a \$1,000 computer, let's say it's about \$20 a month, your total cost at an Annual Percentage Rate (APR) of more than 18 percent can be close to \$3,000, and it will take you nearly 19 years to pay it off.

Getting too deeply in debt. Being able to borrow allows us to buy clothes or computers, take a vacation or purchase a home or a car. Taking on too much debt can be a problem, and each year millions of adults of all ages find themselves struggling to pay their loans, credit cards and other bills. Recognize the warning signs of a serious debt problem. These may include borrowing money to make payments on loans you already have, deliberately paying bills late, and putting off doctor visits or other important activities because you think you don't have enough money.

If you believe you're experiencing debt overload, take corrective measures. Try to pay off your highest interest-rate loans (usually your credit cards) as soon as possible, even if you have higher balances on other loans. For new purchases, instead of using your credit card, try paying with cash, a check or a debit card. "There are also reliable credit counselors you can turn to for help at little or no cost," added Rita Wiles Ross, an FDIC attorney. "Unfortunately, you also need to be aware that there are scams masquerading as 'credit repair clinics' and other companies, such as 'debt consolidators,' that may charge big fees for unfulfilled promises or services you can perform on your own."

Paying bills late or otherwise tarnishing your reputation. Companies called credit bureaus prepare credit



Always update your check register

<http://www.fdic.gov/consumers/consumer/news/03sp05/index.html>

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reports for use by lenders, employers, insurance companies, landlords and others who need to know someone's financial reliability, based largely on each person's track record paying bills and debts. Credit bureaus, lenders and other companies also produce "credit scores" that attempt to summarize and evaluate a person's credit record using a point system.

While one or two late payments on your loans or other regular commitments (such as rent or phone bills) over a long period may not seriously damage your credit record, making a habit of it will count against you. Over time you could be charged a higher interest rate on your credit card or a loan that you really want and need. You could be turned down for a job or an apartment. It could cost you extra when you apply for auto insurance. Your credit record will also be damaged by a bankruptcy filing or a court order to pay money as a result of a lawsuit.

So, pay your monthly bills on time. Periodically review your credit reports from the nation's three major credit bureaus (Equifax, Experian and TransUnion) to make sure their information accurately reflects the accounts you have and your payment history, especially if you intend to apply for credit for something important in the near future. For information about your rights to obtain free copies of your credit report and have errors corrected, see the FTC's fact sheet *Your Access to Free Credit Reports* online at www.ftc.gov/bcp/online/pubs/credit/freereports.

Having too many credit cards. Two to four cards (including any from department stores, oil companies and other retailers) is the right number for

most adults. Why not more cards?

The more credit cards you carry, the more inclined you may be to use them for costly impulse buying. In addition, each card you own — even the ones you don't use — represents money that you *could* borrow up to the card's spending limit. If you apply for new credit you will be seen as someone who, in theory, could get much deeper in debt and you may only qualify for a smaller or costlier loan.

Also be aware that card companies aggressively market their products on college campuses, at concerts, ball games or other events often attended by young adults. Their offers may seem tempting and even harmless — perhaps a free T-shirt or Frisbee, or 10 percent off your first purchase if you just fill out an application for a new card — but you've got to consider the possible consequences we've just described. "Don't sign up for a credit card just to get a great-looking T-shirt," Kincaid added. "You may be better off buying that shirt at the store for \$14.95 and saving yourself the potential costs and troubles from that extra card."



It's easy to make financial mistakes...but it can be easy to fix too!

"There are many reasons you've worked hard and saved money all these years, and one motivating factor is likely to be a desire to provide for your loved ones after you die"

For more information on these topics, please go to the link below:

<http://www.fdic.gov/consumers/consumer/news/cnwin0304/cvrstry.html>

www.ftc.gov/bcp/online/pubs/services/livtrust.htm

THE AGES AND STAGES OF MONEY MANAGEMENT

...To successfully reach your financial goals, Here are just a few ideas young adults can consider at key stages of their life

You're in High School

Consider earning money outside of your home, whether it's babysitting, lawn mowing, or working in a movie theater or another "real" business. A job can provide a sense of accomplishment and responsibility. It also can be a good opportunity to learn about careers and to "network" with professionals. Learn the concept of "paying yourself first" — that is, automatically putting some money into savings or investments before you're tempted to spend it. Start small if you have to and gradually build up. Consider opening a bank account, either on your own or with a parent or other adult. It's a good way to learn about managing money. You also may want to start using a debit card — you can use it to make purchases but you won't pay interest or get into debt because the money is automatically deducted from your bank account. (Check out Fort Morgan State Bank's Scholar Accounts). Take a personal finance class or join an investment club at school. If you're planning to go to college, learn about your options for

saving or borrowing money for what will be a major expense. If you (and your parents) are comfortable with getting a credit card, you should know that there are cards designed just for teens. One is a credit card with a low credit limit that can keep you from getting deeply in debt. Another is a pre-paid card that comes with parental controls, including spending limits.

You're in College

Realize that as you pay bills and debts on your own you are building a "credit record" that could be important when you apply for a loan or a job in the future. Pay your bills on time...and borrow only what you can repay. If you decide to get your own credit card, choose carefully. Take your time, understand the risks as well as the rewards and do some comparison shopping. Don't apply for a credit card just because you received an invitation in the mail or a sales person was offering a free gift on campus.

Protect your Social Security number (SSN), credit card numbers and other personal information from thieves who use someone

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else's identity to commit fraud. Examples: Use your SSN as identification only if absolutely necessary and never provide it to a stranger. Safeguard your personal information when using the Internet or borrowing a computer provided by your school. Consider a paying job or even an unpaid internship at a workplace related to a career you're considering. If possible, set aside money into savings and investments. Try to take a class in personal finance. Read money-related magazine and newspaper articles

You're Starting a Career

Keep your credit card and other debts manageable. Maintain a good credit record. Save money for both short-term and long-term goals. Contribute as much as you can to retirement savings, which often can be used for other purposes, including a first-time home purchase. Take advantage of matching contributions that your employer will put into your retirement savings. Do your best to stick to a budget and control your spending, especially if you're still paying back student loans or working at an entry-level job. Although insurance sometimes seems like a waste of money, you only need one accident or catastrophe to wipe you out financially. Think about disability insurance (to replace lost income if you become seriously ill) and health insurance (to cover big medical bills). Check into low-cost or free insurance offered through your employer.

You're Starting a Family

Continue saving and investing money, including in retirement accounts. If you don't already own your home do some research to see if this is a good option for you. A home purchase can be expensive but it also can be an excellent investment and a source of tax breaks. Make sure you are properly insured, including life, health, disability and home owner's or renter's insurance. Talk with an attorney about the legal documents you should have to protect your loved ones if you become seriously ill or die. These documents typically include a will, a "durable power of attorney" (giving one or more people the authority to handle personal matters if you become mentally or physically incompetent) and a "living will" (specifying the medical care you want or don't want if you become hopelessly ill and cannot communicate your wishes.)



<http://www.fdic.gov/consumers/consumer/news/cnspr05/ages.html>

HIGH TECH BANKING: 24/7

For young adults today, it's hard to imagine life without gadgets and high-tech helpers. We want to make sure you know about some of the attractive electronic banking services beyond ATMs.

Internet banking (online banking) enables you to transfer money between your accounts at the same bank and view account information, deposits as well as loans, at any time.

Internet bill paying allows you to pay monthly and one-time bills over the Internet. Some banks offer electronic bill payment free of charge, others charge a fee that is usually less than what you would spend on postage.

Debit cards look like credit cards but they automatically withdraw the money you want from your account. You can use a debit card to get cash from an ATM or to pay for purchases.

Direct deposit enables your paycheck and certain other payments to be transmitted automatically to your bank account. "Direct deposit is free and it's fast — there's no waiting for the check to arrive at home and no waiting in the teller lines," said Kathryn Weatherby, an Examination Specialist for the FDIC.

Telephone banking allows you to use your touch-tone phone to confirm that a check or deposit has cleared, get your latest balance, transfer money between separate accounts at the same bank, and obtain details about services.

Automatic withdrawals from your bank account can be arranged free of charge to pay recurring bills (such as phone bills or insurance premiums) or to systematically put a certain amount of money into a savings account, a U.S. Savings Bond, or an investment.

<http://www.fdic.gov/consumers/consumer/news/cnspr05/hightech.html>



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Community Friday: 06/29/07

alzheimer's association

Please join us for our second Community Friday and ice cream social on June 29th from 11:30 to 1:30 PM. Members from the association (and a registered nurse) will be here to answer questions about this debilitating disease. We will also have brain teasers and trivia games to help 'exercise' the brain. Fort Morgan State Bank will also provide FREE ice cream! So stop by and get a tasty treat and help support this wonderful organization!



WHAT: Community Friday

WHO: The Alzheimer's Association

WHEN: Friday, June 29th from 11:30 to 1:30

Stop by and get some ice cream and get information on Alzheimer's! *Fort Morgan State Bank will donate \$20 to the band for any deposit account opened that day!*

June 29th!!

Shred Your Documents!

NE Colorado Mobile Document Destruction



Fort Morgan State Bank believes that everyone should be armed with as much information as possible regarding fraud and ID theft. We provide an Identity Theft Protection Pamphlet to any customer who requests one and now we have gone one step FURTHER: On June 29th from 11:30 AM to 1:30PM, NE Colorado Mobile Document Destruction will be at our bank for your service for **FREE** (any donation will be given to the Alzheimer's Association) ready to destroy any document you want.

Identity theft is a growing problem all over the country and Colorado is not an exception to that rule. What's more, most ID theft criminals are not limiting the information they steal to bank statements and/or credit card information. Business contracts and medical records are also threatened. Confidential materials are produced daily in every business and by every employee. Don't allow criminals to destroy your credit rating, business reputation, and medical records. Stop by Fort Morgan State Bank on June 29th and get to shredding...because prevention is your BEST protection against fraud!

