



Warrior



Roger's Tips for a Happy Financial New Year!

Well, here we go into 2010 with the economy still all screwed up, unemployment at an unacceptably high level, investment interest rates so low that any hope of keeping up with inflation is like an imaginary dream, unbelievable corruption in Luzerne County which most likely hasn't been fully revealed, and credit card companies shafting the American people beyond belief. Isn't it a wonderful life??? **HAPPY NEW YEAR ALL!** I can think of no better article than that of offering some suggestions and comments which are intended to help all of you with your finances.

First of all...what is the definition of a loan? To those of you who immediately thought I should be committed to the nearest sanitarium for asking...be advised if you responded at all about borrowing money or having funds that need to be repaid---**WRONG!!!** Per Alexander T. Kormas, United Penn Bank Loan Officer in 1971 and my supervisor the first three months

after my college graduation – the proper definition of a loan is an **INVOLUNTARY SAVINGS ACCOUNT!** Frankly, at the time I thought Alex was nuts, but after 38 years in finance I can attest that he was exactly correct!! If you are currently unable to make ends meet, have no savings for emergencies, and have credit card balances, charge accounts, and other unsecured debt at very high interest rates, you are hurtin' – BAD!! The options available to you depending on the amount of debt, income, and equity in owned assets include bankruptcy, settlement of debt at less than amount due, a structured repayment plan at reduced interest rates using a vendor specializing in this service, or consolidation of debt using equity in your home or car (depends on amount). If the amount is under \$10,000, you may even be able to obtain a signature loan (assuming good history & income) which will pay your high cost charges/credit cards or other debt which is at higher rates.

Next...of equal importance is the necessity to build a financial plan that makes certain you don't get back in the same situation down the road. **THE NEED TO PAY YOURSELF FIRST TO HAVE SAVINGS TO COVER HOUSEHOLD EMERGENCIES and other discretionary items is a must!!** If you have no ability to save, you will be forced to use the credit cards you just rid yourself of! Debt ratio plays a vital part of this puzzle. How much of your income should be spent on loan payments? Additionally, how many dependents must this income take care of? Certainly an income of \$100,000 can have a higher ratio than one of \$50,000....and an income of \$25,000 will be significantly less.

Here's where your credit union can help!! We will be happy to assist any of you. Only one requirement on your side – complete honesty about your situation. If we can help you, call us at (570) 693-1339.

Roger H. Stout
Manager

