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ENERGY ONE *Source*

FUELING YOUR FINANCIAL FUTURE SINCE 1935

Energy One Federal Credit Union is a member-focused institution. We provide this monthly newsletter in an effort to help our members be educated and informed in the financial world today.

Teen Credit Cards:

Teaching Tool or Pointless Plastic?

A common objection to letting teens use credit cards is that they won't grasp its relation to actual money. However, that objection is nearly moot in today's world of online payment systems and virtual wallet services, where you pay for your purchase through your cell phone.

Secured and pre-paid credit cards are a safe way to teach a teenager how to manage credit in the future; safe because the teen can't spend – or be charged double-digit interest on – money he/she doesn't have. Most major financial institutions offer secured and pre-paid credit cards, and some

cards provide a way to begin building a credit history for a teen. Note: Pay careful attention to the details to ensure the card you're considering offers credit-building features for your child.

Our society now carries plastic cards the same way we used to carry cash, and virtual wallets have removed us even further from our green. "Cold, hard cash" may become an obsolete expression in our lifetime, so raising children to understand its relationship to their financial health is becoming more and more difficult.



**Pay bills. Shop. Enjoy
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Visa® PrePaid Cards



Trimming your credit cards: how to decide what to close and what to keep

If you've reached a point where you know you have too many cards and want to trim them to simplify your life or to get your finances under control, think carefully before you act. Some of your credit cards are better than others, so careful consideration is in order.

1. Decide how many credit cards you really need. You may have applied for a card to earn a bonus or gift, but do you really need as many as you have? More than one or two shouldn't be necessary. On the other hand, you don't want to close too many accounts too quickly, since that could lower your capacity—the amount of credit you have compared with the amount you've actually borrowed. If you have a card you

don't need but don't want to close the account, don't carry the card with you.

2. Pay off and close high-interest credit cards. Of course, the first thing to pay off is the high-interest cards because

they can eat you alive. Take out all your credit cards, and list them (use a code name, not the account numbers, so your list is of no value if it gets into the wrong hands), the balance, credit limit, interest rate, and fees for each card. This will show you, at a glance, what your credit card situation is. Keep an eye on credit cards that have teaser rates coming due because they will go up soon.

3. Look for high fees. This can be tricky, but read the fine print. The cards you keep should be the

“Keep an eye on credit cards that have teaser rates coming due because they will go up soon.”

best ones with the lowest fees.

Depending on your balance, a large fee may have even more of an impact on your bottom line than the interest rate. Though you don't plan on being late, it does happen sometimes, so check out the late fees, too.

4. Close unused accounts. If they have high rates, you want to close them anyway. But even if they don't, there's no reason for inactive accounts to show up on your credit report.

5. Keep your credit union credit card. Because you do all your banking with the credit union, you'll want to hold onto this card. Chances are, the rates are better and the fees are lower on this card anyway. MGREEN106

SMARTER LIVING:
Buy Later,
Pay Now



Let's face it...it's tempting to buy something you really want when credit is so easily available. But if you don't have the cash now, will you really have it—plus the interest that you'll be charged—later? Probably not. What you will have, though, is a bill to pay. Over time, you'll pay it off, but think of all that interest you've paid just to get the item sooner.

Here's another idea: instead of buying now and paying later, do the reverse: buy later, pay now. This means saving up and then buying it with cash. Does it take a little more will power? Sure. But you can take the money you saved by paying no interest and buy something else with that!



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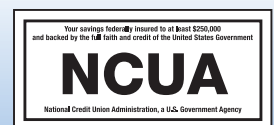
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