



Summer 2011

Home Matters

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Turning the Score in Your Favor

by Jane Stentz, Assistant Vice President—Mortgage Loan Underwriting & Production

A good credit history is essential to improving credit scores, which speeds up the lending process for most consumers. Lenders can quickly identify the consumers that are lower risk borrowers. Using credit scores helps lenders treat each consumer objectively; the scores are blind to cultural or demographic differences among people.

Pay Your Bills on Time

This is the single most important thing you can do to improve your credit rating. Be sure to pay at least the minimum amount required by the date it is due. The faster you start paying your bills on time, the quicker your credit rating will improve.

Minimize Your Debt

Pay down high credit card balances. Don't charge to your credit limits. The closer you charge to your credit limits, the lower your credit rating will be.

Apply for New Credit Cautiously

Don't apply for loans or credit cards that you don't need. The more you apply for new credit, the more you may appear to be taking on more debt than you can handle, and the lower your credit rating may be. Limit your department store cards and finance company loans (such as car loans). The more department store cards or finance company loans you have, the lower your credit rating may be. Pay off and close accounts you don't use on a regular basis or don't really need, but note that closing an account doesn't make it go away. A closed account will still show up on your

credit report and it may show the payment history, although it will be noted as closed and paid. Also be aware that an account that was turned over to a collection agency will stay on your report for seven years regardless of when you paid it off.

You Need Credit to Get Credit

On the other hand, having a very limited credit history can have a negative effect on a credit rating. If you don't have a credit history, consider opening an account and using it responsibly, making at least the minimum monthly payments.

Don't Spread Your Credit Shopping Too Far

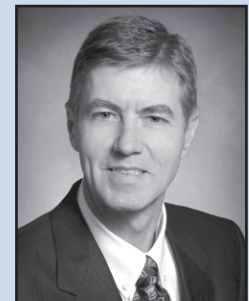
When you decide to shop for a loan or line of credit, do so within a focused period of time. FICO scores distinguish between a search for a single loan and a search for many new credit lines in part by the length of time over which credit inquiries occur. Simply put, having creditors access your credit report too many times in a short period of time can negatively affect your credit score.

Note that it's OK to request and check your own credit report, which we recommend on an annual basis (we recommend using the website at www.annualcreditreport.com). This won't affect your score as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.

A Message from Jim...

As mentioned in the adjoining article, establishing and maintaining a good credit history is more important now than ever before. While the downturn in the economy and financial markets the past couple of years has tightened lending regulations, interest rates still remain low. If you, a friend, or family member are in the market to buy a home or have not taken advantage of the low rates by refinancing, now is a great time to check into a new mortgage.

As I am writing this article, the weather outside is about 100 degrees and the heat index close to 115. I hope by the time you are reading this, the temperature, and especially the heat index, has dropped to a more comfortable level. Please give me a call or e-mail as it would be great to hear from you — I hope you are enjoying your summer!



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Tax-Smart Ways to Help Your Kids

Take advantage of tax breaks to get kids off to a good start. You may give up to \$13,000 per person in 2011 without triggering the gift tax

Money you put in a 529 savings plan may be used tax-free for college costs. The American Opportunity credit can cut your tax bill by up to \$2,500 per student for each of your children's first four years of college. Kids of any age can open a Roth IRA as long as they have earned income from a job; they may contribute up to the amount of their earned income for the year (with a \$5,000 maximum), and you can give them the money for contributions.

If you open a custodial investment account for children younger than 19 or full-time students younger than 24, the first \$950 of the child's investment income is tax-free; the next \$950 is taxed at the child's own, low rate; and income that tops \$1,900 is taxed at the parents' higher rate.

Source: Kiplinger's Personal Finance Adviser, June 2011

Inspiring Thoughts

"The difference between a successful person and others is not a lack of strength, not a lack of knowledge, but rather a lack in will."

- Vince Lombardi

Stash Some Cash for a Financial Rainy Day

Are you ready for a rainy day? No, not in the literal sense but in a financial one? An emergency fund is an important savings strategy, but having cash stashed away is easier said than done. Many Americans are facing competing money demands and with a variety of guidelines it is hard to know how much is needed.

A recent study by Bankrate.com found that only 24% of Americans have saved six months' worth of living expenses, and another 24% have no emergency saving at all! (See the graph for more detail)

So, how do you build an emergency fund when you're supposed to be saving for retirement, paying down debt and trying to save for your child's college education while you are paying for the roof over your family's heads and keeping food on the table?

Here are a few tips for creating your cash stash:

1. Start with a smaller emergency fund for those unexpected costs, such as car repair, unexpected hospital visit, etc. Typically \$500 to \$1,000 is sufficient for these types of expenses. At the very least it limits the amount a person has to borrow.
2. The next level is entirely different. It is the "lost job fund". This fund allows a household to stay financially afloat for several months after a job loss. In most cases it requires the household to cut back on necessities. It is also where people's needs for an emergency fund diverge, depending on the size of the income lost. It may take a longer period of time to find a six-figure salary than a \$36,000 a year salary. Pending your financial situation, a full emergency fund should equal three to six months of bare-bones expenses (rent/mortgage, groceries, utilities, gasoline, etc.) Single-income families should aim for six months

of savings, and those with multiple incomes should have at least three.

Cash set aside in an emergency account should be the central component of the fund. Some would include credit as a source to use because it is an emergency. It is important to have credit available, but a household shouldn't rely on credit for sustainability. Having cash is important as credit is harder to come by during the financial downturn.

3. Contribute regularly to the emergency fund — even if it's \$25 a paycheck and make it easier on you by having the funds automatically transferred to the side account you've set up.
4. Looking at your expenses can show places where money leaks can be funneled into an emergency fund. It can also give you peace of mind and a sense of empowerment when you have that emergency stash of cash.



Did You Know:

- 63% of Americans age 18-29 have less than three months' worth of expenses saved.
- 15% of Americans 65 or older have no emergency savings.

SOURCE: Bankrate Financial Security Index based on telephone interviews with 1,006 US adults, June 2-5, 2011; margin of error: +/-3.6 percentage points.

RoundUp Makes Saving Easy

Whatever you're saving for, RoundUp makes it easier to get there. Every bank has a savings account, but we'll actually help you use it. When you use your Union Bank VISA debit card, we'll round up the total to the nearest dollar — or a set amount you choose — and automatically deposit the difference into your savings account. Over time this change will really add up.

Choose From Three Ways to Save

Round up to next whole dollar amount

Example: Purchase is \$25.14; rounded up to \$26 with \$.86 going to your savings account.

Round up by a specific amount ranging from \$1 to \$5.

Example: Purchase is \$25.14 and you choose to have an additional \$3 added; rounded up to \$28.14 with \$3 going into your savings account.

Round up to next whole dollar amount PLUS a specific dollar amount ranging from \$1 to \$5.

Example: Purchase is \$25.14 and you choose to have an additional \$1 added; rounded up to \$27.00 with \$1.86 going into your savings account.



Family Flexibility

You can choose to have the RoundUp amount deposited into your savings account, or into children's or even grandchildren's accounts. In fact, you can select up to five different accounts that will equally share the RoundUp amount. We do ask that your designated account(s) have common ownership (your name also on the account).

How to Get Started

To sign up for the RoundUp program, you must have a Union Bank checking account, check card and a designated account for the savings (this can be any Union Bank savings, money market or checking account). Stop by any Union Bank branch to open your accounts and get started.

If you already have a Union Bank checking account, check card and an account for the savings, you can sign up at any Union Bank branch, or contact our Call Center at 800-297-2837 or (402) 323-1777.

Top Grilling Gadgets

Summer means grilling...and doing it with cool tools makes it even better. See if these backyard items light your fire:



- **Double raft skewers**
Two-prong skewers make it easy to grill veggies and more!
- **Outdoor steak thermometers**
Small individual thermometers (4 to a box) will help you turn out medium, medium-rare and rare steaks like a pro.
- **Copper rib rack**
The rack holds up to 5 slabs of ribs in a vertical position, which prevents burning and frees up valuable grill space.
- **Cast-iron grilled pizza set**
Take pizza to another level by grilling it outdoors!
- **Panel grilling platter**
Space is always a premium on the grill. This divided stainless steel platter has a baking stone on one side and a cedar grilling plank on the other.

Many of these items can be found at local department and kitchen specialty stores. Happy shopping!

Let There Be (Outdoor) Light!

The use of outdoor illumination can make the setting more inviting and set a warm mood. Elegance and function in contemporary outdoor lighting can come at a high price. But adding a glow to your outdoor space can be done by anyone, including the budget conscientious.

Twinkle lights, glass or paper lanterns, and tiki torches are a few cost-effective yet stylish solutions for lighting any outdoor area. Candles, when used safely, can add

inexpensive décor to any outdoor space. There are even battery operated pillar candles that create ambiance without the risk of fire.

Affordable fire pits of all sorts are providing functionality and warmth to many backyards. The fire pit is a real focal point in a setting as people love to gather around an open fire. Roasting marshmallows while enjoying the summer evening is perfect summer fun!



Protect Your Financial Future With An Umbrella

Nobody wants or expects to be sued, but in today's world, lawsuits can happen—regardless of your financial status. If you are held personally accountable and legally liable for certain injuries or property damage, almost everything you own could be used to pay a settlement or a judgment.

With personal umbrella liability insurance, you'll have the extra coverage you need to protect yourself financially. These policies are affordable, so the extra protection doesn't mean going broke.

What is an umbrella policy?

An umbrella liability policy works just like the name “umbrella” implies, adding an additional layer of protection above and beyond the liability portion of your auto and homeowners policies. It also offers coverage for many situations not covered by your basic underlying insurance, including libel, defamation of character, slander and invasion of privacy. Plus, it pays your defense costs if you end up in court.

Do you need an umbrella policy?

To understand the need for umbrella coverage, it helps to be aware of some of the reasons a person could face legal risk.

Insurance policies are obligations of the issuing insurance company, and are not obligations or deposits of, or guaranteed by any bank and are not FDIC insured. Union Bank makes insurance available through its affiliated company Union Agency, Inc.

Home ownership

- Accidental falls on your property
- Swimming pool accidents
- Home playground mishaps

Auto ownership

- Car accidents

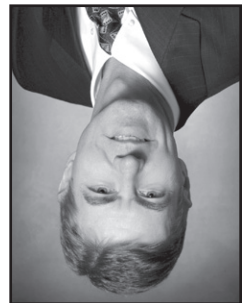
Recreational activities

- Accidents involving your boat, ATV, snowmobile, jet ski or other watercraft
- Golf course injuries

Personal activities

- Libel and slander
- Invasion of privacy

If you think an umbrella policy may be a good addition to your insurance and financial arrangements, contact Union Agency, a trusted affiliate of Union Bank & Trust. Their friendly professionals will guide you to the right coverage for you. You can reach them at (402) 483-4527 or www.unionagency.com.



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