



## See How Credit Unions Compare

Feature	Credit Unions	Banks and S&Ls	Money Market Mutual Funds
Philosophy	Not for profit, not for charity, but for service. Earnings returned to better savings rates, lower loan rates, and improved services. Members are owners. One person, one vote.	Business orientation. Profit for shareholders.	Provide investors with a means to earn money on different funds. Profit for shareholders.
Control/Management	Volunteer board of directors elected by members.	Paid board of directors elected by shareholders.	Investments controlled by brokers or an institution.
Savings	Typical rate of 6.25% on share (passbook) accounts. Daily interest checking, money market funds, CDs, and other plans available.	Passbook account rates vary. Money market daily interest CDs, and other plans available.	Bond, growth, and income money market funds available.
Loans	Types may include personal, auto, home improvement, share-secured, mortgage, student, line of credit, and home equity loans.  Loan consideration based primarily on the applicant's character and capacity to repay. Loan rates generally lower than at banks and S&Ls.	Banks offer consumer loans, but oriented toward commercial loans. S&Ls oriented toward mortgage, but offer some consumer loans.  Loan consideration usually based on applicant's credit record and capacity to repay. Loan rates usually higher than CU rates.	Lines of credit based on stock/bond portfolios. Establish credit based on net worth.
Checking	Most CUs offer interest-earning share draft accounts at a typical rate of 3.5% and usually require no minimum balance.	Checking accounts usually pay no interest and require a minimum balance. NOW (negotiable order of withdrawal) accounts pay interest but may require a high minimum balance.	High minimum start-up deposit. Service charges on checking and yearly maintenance fees.
Fees	CUNA and independent research show that fewer CUs charge fees. When CUs do charge fees, they are, on average, lower than those assessed by competitors.	Usually charge fees on checking accounts below a minimum balance. Fees for overdrawing checking accounts.	Management and broker fees.
Safety	Deposits in nearly all CUs are insured up to \$100,000 by federal or state agencies.	Nearly all accounts insured up to \$100,000 by a government agency.	Principal at risk. However, Securities Investment Protection Corp. protects up to \$100,000 in cash and \$500,000 in stocks of institutional funds.

\*Estimated average credit union savings rate of May 1990

\*\*Credit union share draft checking rate taken from Monthly Rate Analysis Data Collection Sheet

## Lower credit card rate offered

By offering significantly lower rates, considerably lower fees and member-driven services, credit unions remain the low-priced credit card leaders, despite recent announcements of lower rates by several large banks and other credit card providers, says William Austin, Chairman of the Board of the Michigan Credit Union League, the trade association for almost 500 Michigan credit unions.

The average interest rate on credit union credit cards was 14.97 percent compared to an average rate of 18.68 percent for bank issued cards, in February, the latest month for which comparable data were available, Austin notes. And nearly two out of three credit unions don't charge annual fees. Of those that do, the fee averages less than \$12, compared to a typical bank fee of \$20-\$25.

The reduced rates announced

by a few large banks recently are usually reserved for preferred customers, those who have exhibited consistent spending and bill-paying practices.

On the other hand, most credit unions offer low interest rates to any member who qualifies for a card. "You don't have to be a long-time customer or a big credit user to get good rates at a credit union," Austin says.

Consumer awareness of credit card programs was heightened by recent Congressional and media attention, and many consumers are switching to get better rates and lower fees.

According to one study, 17% of all cardholders have a credit union-issued card, up three percentage points from 1989. Credit unions have grown steadily despite harsh economic conditions and increasingly stiff competition.

About 4,000 of the nation's credit unions, or about 28%, of-

fered card programs at the end of 1991. "Most of the larger credit unions offer credit cards," says Kenyan E. Bixby, President of the Michigan Credit Union League, noting that 90% of credit unions with assets of \$100 million or more have card programs.

Consumers who shop wisely can benefit from the movement to lower credit card interest rates, Bixby says. But be careful, he advises. Look not only at the interest rate offered. To offset lost income from low rates, some issuers may increase annual or other fees or establish minimum charge levels.

For a free brochure containing information that will help you compare features and select a credit card, send a stamped, self-addressed envelope to: "Credit Cards", Michigan Credit Union League, P.O. Box 5210, Detroit, Michigan 48235.

## Pre-approved loan eases car buying

Going shopping for a car or truck? Consider getting a pre-approved loan before you start visiting dealers, suggests Susan Tiltman, editor of Everybody's Money, the consumer magazine for credit union members published by the Credit Union National Association and Affiliates.

"Some dealers pressure you to buy more car than you can afford, or they may give you a hard sell to finance the car with them," says Kenyan E. Bixby, President

of the Michigan Credit Union League, the primary trade association for Michigan credit unions. "Shopping with a pre-approved loan helps to insulate you from those pressures."

Getting a pre-approved loan also assures that you won't go to the trouble of finding a car to buy and then be rejected for credit, he adds.

A majority of credit unions—and most larger ones—offer pre-approved car loans to their mem-

bers, and often charge less interest than other lenders, Bixby points out. Credit unions also frequently offer free consumer and price information on vehicles to help you select the right auto at a price you can afford.

To obtain a free brochure on how to buy a vehicle on your terms, send a self-addressed, stamped envelope to "Car", Michigan Credit Union League, P.O. Box 5210, Detroit, Michigan 48235.

## Credit Union Membership Keeps Increasing

Thirty-six percent of consumers age 18 or older now use credit union services, more than ever before, according to a recent national survey conducted by the Credit Union National Association.

Membership is highest in the 25 to 64 age group, lowest in the 64 plus age group, according to William Austin, Chairman of the Board of the Michigan Credit Union League, the trade association for almost 500 credit unions in the state.

Men are somewhat more likely

than women to be credit union members—38 percent of men compared to 34 percent of women. That gap continues to narrow as more women enter the labor force and as more credit unions encourage spouses and family members to join, Austin says.

Thirty-nine percent of black adults and 40 percent of Hispanic adults use credit unions, compared with 34 percent of white adults, Austin reports. Austin notes that there are millions more people eligible for credit union membership.

Consumers who would like to find a credit union to join can start by checking with their employer, church or associations to which they belong to determine if those groups are served by credit unions. It's also a good idea to check with family and relatives who are credit union members to determine if you might be eligible for membership in their credit unions. Or send a stamped, self-addressed envelope to "Membership", Michigan Credit Union League, P.O. Box 5210, Detroit, MI 48235.

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