

MONEY MANAGEMENT

MANAGEMENT: SMART WAYS TO BORROW MONEY

RENO-All loans are not created equal. Some sources of credit cost considerably less than others. According to the Nevada Society of CPAs, borrowing against your own resources is usually the most economical and convenient way to obtain funds.

Home Equity Loans and Lines of Credit

For many homeowners, the easiest and most cost-effective way to borrow money is by tapping into the equity in their home. They can do so through a home equity loan, which is similar to a second mortgage, or through a home equity line of credit. The primary difference is that lines of credit are open-ended. Essentially, you can use as much or as little of the line of credit as you want and pay interest only on the amount you receive. Lower borrowing rates, and interest that generally is tax deductible, make these loans particularly attractive. Nonetheless, it's important to shop around for the best deal by comparing application charges, fees, and closing costs, as well as interest rates. And, always keep in mind that failure to repay the loan may mean losing your home.

Life Insurance

If you've built up cash value in a whole life, universal life, or variable life insurance policy, you can borrow up to 50 percent of the policy's cash value. Interest rates vary, but they generally are lower than prevailing market rates. You repay the loan at your own pace — or not at all. However, at your death, the policy's death benefit is reduced by the amount of your outstanding loan.

Qualified Retirement Plans

If you're a participant in a qualified retirement plan, such as a 401(k), you may be able to take out a loan against the plan. Generally, you can borrow up to 50 percent of the assets in your fund, up to the federal limit of \$50,000. Usually, rates are a point or two above prime, and the interest you pay is credited to your own account. Federal law requires you to repay the loan in full within five years (loans used to buy a primary residence have a longer period). Failure to pay off your loan within this period makes it a taxable distribution in the eyes of the Internal Revenue Service (IRS). As a result, you'll be required to pay income taxes on the outstanding balance, plus

a 10 percent early distribution penalty if you're under age 59 1/2.

Margin Account

If you have stocks, bonds, mutual funds, and/or other securities, you may be able to obtain a margin loan. These are loans made by your brokerage firm (or a bank) that are collateralized by the securities in your account. Interest rates usually are lower than credit cards and some home equity loans. Generally, the more you borrow, or the bigger your account, the lower the interest rate. However, if the value of your securities drops considerably, be prepared to receive a "margin call" asking you to deposit more money in your account.

Outside Sources of Credit

If you don't own sources of credit to borrow against, look to outside sources. For example, banks offer secured loans, which are backed by collateral (such as a car), and unsecured loans, which are granted based on your earning capacity, net worth, and ability to repay. Interest rates on these loans tend to be high; so check with several lenders to find the best rates and terms. If

you're a member of a credit union, you may be able to obtain a loan through it at a more competitive rate.

Remember, taking a cash advance against your credit card is one of the most expensive ways to borrow. Only use this source in an emergency situation or as

Aging Baby Boomers Spark Trend in Banking

Reno, NV- Baby Boomers are at it again, this time prompting companies like U.S. Bank to create financial products and services especially for them. U.S. Bank recently introduced a line of banking products to attract and retain one of the fastest growing market segments in the Northwest, the seniors market.

Evidenced by a recent survey, the West is the nation's most popular retirement destination—taking four out of the top ten retirement spots, with Las Vegas, Nev. ranking number one. Add to that fact that people over the age of 55 are soon expected to make up one of U.S. Bank's largest customer bases, and this group of customers

becomes an imposing market. To help consumers age 55 or greater maximize their finances, U.S. Bank introduced a new product package, called Prestige Club, with two options: one for customers who want to keep minimum balances, another for those who don't.

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force in the consumer market, said Karen Davis, senior vice president of U.S. Bank's Retail Deposit Product Management Group. "We've been serving Baby Boomers for decades and now that they're largely finished with child-rearing, many are seriously focused on maximizing more disposable income and assets in preparation for retirement."

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"Bankers don't build banks. Customers do."

- Chris Schlaffman Loan Officer - Marian Beeler Assistant Vice President, Branch Manager - Rick Sager Operations Officer

At Nevada's Bank, Pioneer Citizens, we've been offering Nevadans personal banking for over thirty years. And we know that we never would have made it this far without our customers. So we thank you every day, by giving you the service you deserve.



Left to right: Chris, Marian and Rick.

That's what personal banking is all about. Personal service from real people. People like Marian Beeler, Assistant Vice President, Branch Manager; Rick Sager, Operations Officer; and Chris Schlaffman, Loan Officer.

Marian, Rick, Chris and the rest of our Las Vegas staff will be providing personal banking at our new location at 230 Las Vegas Blvd. beginning November 13th. They're looking forward to seeing you.

Experience personal banking for yourself at Nevada's Bank, Pioneer Citizens. Come by and see our new building. After all, you helped build it.

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