

March 2010

Goldilocks has the **3** bears.

The big bad wolf has the **3** little pigs.

**San Tan Credit Union now has a special **3%** vehicle loan rate!\***

For a limited time, enjoy a super low interest rate on a new vehicle (model year 2008 or newer). But hurry—the loan must be processed by June 30, 2010!



Not looking for a new vehicle at this time? San Tan Credit Union also offers loans for used vehicles, recreational vehicles and personal loans.

Also, our  credit card is included on the “Dean’s List” of credit cards per the website [creditcardconnections.org](http://creditcardconnections.org)

**\*Loan Requirements: FICO Score of 730 or higher, maximum term of 36 months. No other discounts or rebates may be combined with this offer.**

## Auto Loan Markups Can Cost You



annually in undisclosed finance markup charges, reports the Consumer Federation of America, Washington, D.C. These hidden markups typically add at least \$1,000 to the cost of an auto loan. This takes place when automobile dealers subjectively hike the car loan rates of buyers who arrange financing through those dealers.

Consumers who finance their vehicles through auto dealerships are charged hundreds of millions and perhaps as much as a billion dollars

This markup practice is encouraged by all of the auto industry's leading captive finance

companies and top auto-lending banks and impacts about one in four buyers of new and used cars who finance through the dealership. Marked-up finance rates are determined arbitrarily by the dealer and encouraged by the lender, regardless of the consumer's creditworthiness, with kickbacks to both.

Don't be part of the statistics. Visit San Tan Credit Union today for all your auto financing needs and take advantage of our 3% interest rate promotion.\*

## Regular to Roth IRA: Convert or Not?

Do you know you have an excellent opportunity to shelter your retirement savings from future tax increases? As of Jan. 1, 2010, if you want to convert your regular IRA to a Roth IRA, the income limitation of \$100,000 has been lifted.

And you don't have to pay the conversion taxes all at once. You can spread them over two years instead of paying them all in 2011.

These are both good reasons to convert, but it might not be the best idea for you. Look at the pros and cons.

### Convert

The younger you are, the smarter it is to convert to a Roth. Even though you'll have to pay the ordinary income taxes on the money you convert at your current tax rate, you'll come out ahead:

- A Roth IRA allows tax-free growth and tax-free income distributions at age 59½ or older as long as you have held your Roth account for five years or longer. The sooner you start, the longer

you have to grow your retirement savings tax-free.

- The market has been down, and is only climbing fitfully. Your account value most likely is at a low. By converting now, you may pay lower taxes than if you wait.
- With looming federal budget deficits, Medicare, and Social Security obligations, there's a good chance tax rates will increase in the coming years. You'll be better off paying those taxes now than later.
- By converting to a Roth, you avoid the traditional IRA requirement to take yearly minimum distributions starting at age 70½. This can leave more for your heirs if you don't use the money yourself.

Even if you're approaching retirement, a Roth still may make sense:

- A traditional IRA requires you to withdraw funds starting at age 70½, but a Roth doesn't mandate such a rule. The longer you can wait, the more time your money has to accumulate tax-free.
- Under the present tax laws, converting a traditional IRA to a Roth


can lower the size of your taxable estate. Think: Decades of tax-free growth.

- If you name your spouse as the beneficiary of your Roth, and your spouse forgoes withdrawals after you die, those Roth IRA assets keep compounding untaxed for the rest of your spouse's lifetime. If your spouse could name a child as his or her beneficiary, the tax-free compounding goes on.

### Maybe not convert

No matter what your age, there's reason to think twice about converting: You will pay taxes now. Do you have enough in savings to cover these taxes?

If not, don't convert. It will not benefit you to pay for the taxes out of your current IRA. If you're younger than 59½, you'll have to pay a penalty to take the money out of your IRA. In addition, the amount you take out to cover the taxes will lose the chance for tax-free compounding from now and forever.



The first members to contact San Tan CU by phone on or after 4/8/2010 with the correct answer to any of our trivia questions wins!\*

**Entry Level (worth \$15):** How many times does the number 3 appear in this newsletter?

**Masters Level (worth \$35):** What astronomical event marks the beginning of spring in the northern hemisphere?

**Doctorate Level (worth \$50):** What famous poem begins "April is the cruelest month..."?

\*each member may only win once per calendar year. Employees and volunteers of STCU are not eligible to win.



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Your savings federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government

# NCUA

National Credit Union Administration, a U.S. Government Agency