

PAPIT FAMO'LU

GOVERNMENT OF GUAM EMPLOYEES FEDERAL CREDIT UNION

SECOND QUARTER NEWSLETTER

APRIL - JUNE 2005

SAVING FOR LIFE'S MILESTONES WITH NEW IRAS

Savers traditionally use Individual Retirement Accounts (IRAs) for, well...retirement. Since 1998, two types of IRAs have encouraged people to save for life's other main events. The Education and Roth IRAs make it possible for you to save for retirement and for a child's postsecondary education or your first house. This is how they work:

The Education IRA, now called Coverdell Education Savings Accounts, allows you to save for any postsecondary education by investing up to \$2,000 a year per child younger than age 18. The contribution is not tax-deductible. Instead, earnings grow tax-free and you pay no taxes or penalties on money withdrawn to pay for qualified expenses before the beneficiary reaches age

30. Otherwise you pay taxes on any earnings, plus an additional 10% penalty.

Qualified expenses include tuition, fees, books, elementary and secondary school expenses, computer technology or equipment – even online access – that the beneficiary uses while in school, and equipment required for enrollment or attendance at nearly any postsecondary educational institution. Certain room and board expenses may also qualify.

If you're a single filer, you can contribute the full amount per year if your modified adjusted gross income [from line 31 on your federal form 1040, as adjusted] is less than \$95,000. The contribution limit gradually

falls as your modified adjusted gross income climbs toward \$110,000, at which point you can't contribute to an education IRA. For married couples filing jointly, the income limit spans from \$150,000 to \$160,000.

The Roth IRA allows you to contribute up to \$3,000 a year in 2002 through 2004, \$4,000 a year in 2005 through 2007, and \$5,000 a year in 2008. Beginning after tax year 2008, the limits will be adjusted annually for inflation in \$500 increments.

Like the Education IRA, contributions to a Roth IRA are not tax-deductible. Instead, you pay no taxes when you withdraw the money provided it's been in the account at least five years and: You are older than 59 years and 6

months, or you become disabled, or you die and it's paid to your beneficiary, or you use the money for a first-time house purchase (\$10,000 lifetime withdrawal limit).

Unlike the traditional IRA, which requires you to begin withdrawing money at age 70, the Roth IRA has no such requirement. You can let the money keep working, while earnings continue to grow tax-free, for as long as you like.

The income limits are identical to those for the Education IRA.

Even the traditional IRA is better with higher income limits and new penalty waivers. So stop by or call GGEFCU for all the details about how you can stretch your retirement savings with new and improved IRAs.

CU IRA

This is my Credit Union.

Big Dreams, Bright Future.

Traditional/Roth, & Coverdell ESA as high as:

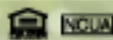
IRA 12 MONTH TIME SHARE
2.79%^{APY}

IRA 24 MONTH TIME SHARE
3.20%^{APY}

IRA 60 MONTH TIME SHARE
4.30%^{APY}

CU IRA
12 MONTH
24 MONTH
60 MONTH

At GGEFCU, we understand the importance of saving for an education. Our Educational IRA allows you to save for the child of your choice — yours, a niece, a nephew, grandchild or any special child in your life. Stop by your credit union today or call us at 477-8736 and we'll help you find the ideal Individual Retirement Account Plan that best suits you and your family.



Your funds are federally insured to \$100,000 by the National Credit Union Administration.

*APY = Annual Percentage Yields are subject to change without notice. Yields are effective February 1, 2005.

A MESSAGE FROM THE CHAIRMAN OF THE BOARD



Welcome to the Government of Guam Employees Federal Credit Union where every member counts and every member gains. As a member-owned institution, our incentive is to put members first.

Other institutions seem to have one eye on their stock price, the other on the bottom line. Fees are constantly on the rise. Technology takes the place of personal interaction, and customer service gets lost.

At GGEFCU, serving members' financial needs is our top priority. We keep costs low, offer the best rates possible, and use technology to enhance service.

When you need service, you receive a prompt and thorough response. You can trust the accuracy of our information, and you can rely on us to be pleasant and helpful. We strive to ensure that your Credit Union is your one-stop financial institution where member service and needs are priority first.

There are many benefits one can obtain by becoming a member with GGEFCU:

- Numerous free services, high interest rates on savings, and low rates on loans.
- Confidence knowing that your deposits are fully insured as allowed.
- Peace of mind when you can rely on us to offer financing to help you manage expenses, both planned and unexpected.
- Develop services to suit your busy lifestyle, such as Online banking, automated phone service and convenient loan application processes.

Our members have an effective way of influencing fees and other charges - as member-owners, you keep fees down simply by using credit union services. The more services you use, the more cost-effective all services become. The normal low fees Credit Unions assess and that all are not-for-profit cooperatives, return on income to members are generally provided for in the form of lower fees and loan rates and higher savings rates.

We have made a commitment as your Credit Union to fulfill our mission of insuring that "GGEFCU is the trusted provider of premier

financial services to our members". We expect to continue to add new services, streamline our operations, and provide the best quality service exclusively to our members. Our objective is also to provide members with the most competitive share and loan rates and financial services all with no or minimal fees, and the ability to transact with us in a more automated fashion or through our friendly staff.

If you have any questions or concerns about your membership or any of our products and services, I and/or the committed staff, stand ready to assist you in any way we can.

"The more business we do together the greater the financial reward will be for all of us."

Stephen J. Guerrero,
Chairman, Board of Directors

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CREDIT UNION AND YOU



A MESSAGE FROM THE CEO

As we continue to grow as a credit union, one of our objectives is to provide you with all-inclusive services beyond opening a Checking Account or obtaining a loan product. We realize that you have come to count on us for your diverse financial needs.

Perhaps, you may be going through a life change situation, such as a new marriage, the birth of a child, retirement or a career transformation – but you are not sure how to make the right financial decisions. You may have a renewed aspiration to get your financial strategy in place. How do you go about identifying professionals who will understand your situation and provide the right kind of guidance that meets your individual needs? GGEFCU recognizes that preparing for your future is one of the most important things that you can do today and that the most essential component of any strategy is having the right team on the job.

If you have not had a chance to call or visit GGEFCU this may be the right time to do so. It is staffed by experienced professionals who are skilled in analyzing your situation and building financial roadmaps to help you reach your goals. Most noteworthy is that these professionals have more than 40 years of collective financial services experience, serve over 32,000 members and offer personalized financial guidance. In addition, these professionals build relationships that are based on personal attention, trust and confidentiality.

Listening to your goals and concerns allows the GGEFCU team to shape your financial future with you as their guide. It is our ability to provide customized financial options that sets us apart. Our team is ready for you. Our commitment to you is that at whatever stage you are in life or wherever you are located in the world, we are here for you. We can put you at ease when it comes to preparing for your future and provide guidance as you try to reach your financial goals.

John Arroyo,
Interim CEO



2005 ANNUAL MEETING

SATURDAY, APRIL 16, 2005 · GUAM HOTEL OKURA

Vote for your BOARD OF DIRECTORS and CREDIT COMMITTEE!

Start of Meeting 9:00am

Registration and Voting 9:30am - 6:00pm
Valid photo ID required

Dinner 6:30pm

Members \$10 Non-members \$28
Dinner tickets available at our Maite, Harmon and Tamuning offices

GREAT DOOR PRIZES!

Election of Officers Voting Qualifications:

There will be 1 ballot issued per member. The primary member on the account will be the voting member. In the case of a joint account, 1 ballot will be issued to the primary member only and is not transferable. No one under 16 years of age is eligible to vote. If you have any questions pertaining to the election, please contact the Nominating Committee at 479-8211 or 477-8736.

JOIN US AT THE ANNUAL MEETING!

Vote for your BOARD OF DIRECTORS and CREDIT COMMITTEE!

Your credit union exists to serve member-owners like you. That's why our rates and fees tend to be better than those at for-profit financial institutions. One recent study showed that the average credit union member saves about \$75 to \$100 a year by using credit unions rather than commercial banks.

Join us and continue to support your volunteers who help make the credit union difference – member-ownership with a democratically elected volunteer board who help ensure that members get a fair deal.

AUTO JAM 2005



On February 20, 2005 our team was on site at the Hit Radio 100 Auto Jam 2005! Our team signed up many new members and offered our products and services to over 5,000 car show participants and attendees.

UOG CHARTER DAY

The University of Guam invited our team to offer our products and services to students and guests at the fun filled Charter Day Festivities. Tony, Stephanie and Tina were on site to provide information to everyone in attendance. Welcome aboard to our new UOG members!



HOW TO BECOME MORTGAGEABLE

For anyone who's dreamed of owning a home, the words "your loan is denied" can be a blow. How easy to give up, especially if you already have some debt and live on a modest income. But patience and hard work can make home ownership a reality.

The best strategy is to meet with a GGEFCU loan officer and learn about the home loan process before you start looking for a house.

Lenders size up loan applicants on whether or not they are good credit risks. In other words, will an applicant fulfill a debt obligation or fall behind on payments and eventually default? Factors that can derail a mortgage application include a debt-to-income ratio above 35%, less than two years of employment history, nonpayment of bills, and application to purchase property that's depreciating in value.

These "Three C's" are the traditional acid test for creditworthiness:

Capacity. Do you have the income to repay the debt? Lenders review employment history, gross monthly income, housing expenses, and outstanding debt.

Character. How much debt do you already owe, do you pay your bills on time, and are you able to live within your means? Lenders also want proof of stability—how long you've lived at the same address and held your present job.

Collateral. Is the property structurally sound or a sagging shack that'll undermine your ability to repay the mortgage? A licensed appraiser helps make this determination.

Most lenders use credit scoring, an objective model that predicts credit risk. In essence, scoring uses credit report data to evaluate your credit history based on experience with other borrowers. Computerized credit scoring speeds up the loan underwriting process and eliminates human bias. But it doesn't have the human

ability to detect personal issues that can affect someone's credit history. That's why we at GGEFCU sometimes consider other factors in the case of low-scoring applications. We also may find situations that override a poor score.

The credit union wants to find reasons to say yes, not to say no. So call GGEFCU today and start learning how you can become a homeowner.



CU At Home This is *my* Credit Union.

Can't Find Your Dream Home? Build It.

CU At Home
1ST MORTGAGE
CONSTRUCTION
REFINANCE
HOME EQUITY

When you are planning to build a home, we realize it is probably the biggest financial decision you will make in your lifetime. We can help with all the details of a low rate construction home loan so your dream can become a reality sooner than you think. Our CU At Home Mortgage specialists invite you to step into our home, so we can help you get yours! Call us today!

Specific loan programs may have qualifying areas; such as income, credit, loan to value ratios, length of employment, property type, etc. Rates and program guidelines are subject to change without notice. There is no guarantee that all loans meeting published guidelines will be approved. Certain restrictions may apply. Call 477-8736 for more details.

Your funds are federally insured to \$100,000
by the National Credit Union Administration.

CU Wheels This is *my* Credit Union.

There's nothing better than *the new car smell.*

CU Wheels
NEW AUTO
USED AUTO
DISCOUNT AUTO
MOTORCYCLE

You've got your eyes on that car and you can't seem to take them off. So stop by any GGEFCU location and pre-qualify for a new or used auto loan or even that great motorcycle of your dreams! We'll help you determine an affordable price range for your income so you can be in charge of the sale when you head to the dealership to shop for your car. Already own a car? We can offer you 1% less on your current interest rate to save you more money on your monthly payments! Call, click or visit us today!

Your funds are federally insured to \$100,000
by the National Credit Union Administration.

*APY = Annual Percentage Yields are subject to change without notice. Yields are effective February 1, 2005.

WELCOME!
TO OUR NEW MEMBERS

PacifiCare®
EMPLOYEES

Call *Tony Camacho*, our Business Development Representative at 477-8736 and ask how you can expand your Select Employee Group membership today!



HOLD DOWN COSTS WHEN PURCHASING A VEHICLE

Whether you're buying a new or used car, careful research and planning will help you get the right vehicle without the one option nobody wants: onerous monthly payments.

Here are some ways to save money:

- * Check on reliability—Nothing can torpedo a budget like unexpected repair costs. The annual Consumer Reports survey of mechanical problems with different models, available in the magazine's April issue each year, cites both overall ratings and specific problems. If you're a paid subscriber to the magazine or online service, go to www.consumerreports.org.
- * Look at continuing costs—Although insurance and

gasoline costs are continuous, new-car depreciation—the value it loses each year—is a major factor. Edmunds.com summarizes these variables in a feature called True Cost to Own (click the Ownership tab on the home page, then True Cost to Own). A vehicle that costs less to buy now than a competitor may in fact cost more to own over a five-year period.

- * Negotiate hard—Reduce your purchase price by looking for the dealer cost or "invoice price" on sites like Edmunds.com and Kelley Blue Book (kbb.com). Then aim for a selling price before any rebate of no more than 2% over the invoice price. Better yet, talk to us at GGEFCU about preapproving your auto loan before you even start to shop for a car. Call us today!

SHARE RATES

Share Programs	APY *
IRAs	
Regular Shares	1.00%
12 months	2.79%
24 months	3.20%
36 months	3.46%
48 months	4.15%
60 months	4.65%
CU Share Savings (min. \$5 processing fee; \$25 min. to establish account)	1.00%
CU Time Shares* (min. \$500 required to earn dividends)	
3 months	2.17%
6 months	2.40%
9 months	2.64%
12 months	2.79%
18 months	3.00%
24 months	3.20%
36 months	3.47%
48 months	3.82%
60 months	4.30%
CU Jumbo Time Shares* (min. \$100,000 required to earn dividends)	
3 months	2.22%
6 months	2.45%
9 months	2.69%
12 months	2.84%
18 months	3.05%
24 months	3.25%
36 months	3.53%
48 months	4.06%
60 months	4.54%
CU Advantage Free Checking	0.75%
CU Club Accounts	1.50%
CU Money Fund Plus (min. \$2500 required to establish account)	
\$2,500	1.70%
\$5,000	1.85%
\$10,000	2.00%

*All rates are expressed as Annual Percentage Yields and are subject to change without prior notice. Yields are effective February 1, 2005. Minimum amount required to open the following accounts are: CU Time Shares \$500, CU Jumbo Time Shares \$100,000, IRA \$1,000, CU Money Fund Plus \$2,500. Rates may vary depending on terms selected. Early withdrawal penalties apply. Applicable fees may reduce earnings of the account. Other restrictions apply. See a Credit Union representative for details.

Loan Programs	APR *
CU At Home**	
1st Mortgage	now available
Construction	now available
Refinance	now available
Home Equity	now available
Regular Loans	as low as 5.99%
Line of Credit	as low as 5.99%
Shared Secured Loans	2% above dividend rate
Motorcycle Loan	as low as 5.99%
New Auto Loans	as low as 2.99%
Used Auto Loans	as low as 3.99%
Discount Auto Loan	1% less on your loan***

*APR = Annual Percentage Rate. Rate as of 8/4/04, maximum term of 60-months. 100% financing available only to approved buyers. Auto loans up to eight model years or newer. Autos purchased within the last 6 months may be considered as new Auto. Rates and conditions are determined by the Asset and Liability Committee (ALCO) and are subject to change without notice. Subject to credit approval. Certain restrictions apply, call 477-5991 or contact us at www.ggefuc.com. Direct deposit payment highly recommended.

**Specific loan programs may have qualifying areas; such as income, credit, loan to value ratios, length of employment, property type, etc. Rates and program guidelines are subject to change without notice. There is no guarantee that all loans meeting published guidelines will be approved. Certain restrictions may apply. Call 477-8736 for more details.

***Discount Loan Program: You must have a minimum of \$5,000 loan balance on your current loan and provide printed proof of current APR. Minimum Rate = 4%, Maximum Rate = 18%.

GET DISCOUNTS!

FREE
FOR MEMBERS
\$1.50
FOR NON-MEMBERS



Look for discounts on your ATM receipt at our newest ATM location at the Agana Shopping Center from these **fine merchants:**

- Body Secret
- Capricciosa
- Century Dreyer's Ice Cream
- Century Sports Lounge
- Hairdresser
- HafaTel
- Pacific Trading Club
- Pay-Less Supermarkets
- Redline Motorsports
- Shirley's
- Tony Roma's



OTHER PRODUCTS AND SERVICES

CU Express Card

Member Telephone Services/CU Web Branch
Online Banking at ggefuc.com. Click... Connect... Done.

Free AMEX Travelers Checks

CU Direct

CU Express Drop Box

GTA/GPA-GWA Billing Payments Accepted

Notary Service

Available at the Maite location only. Please call ahead. Notaries are not attorneys and cannot give advice concerning legal matters.

ATM LOCATIONS

Circle K Stores



The "Circle K" logo is a registered trademark of Conoco Phillips Petroleum Corp. SPPC is an official franchise of Circle K Stores.

- Agat
- Airport Road
- Anigua
- Barrigada
- Dededo
- Malojloj
- Ocean Vista
- Sinajana
- Ypao

Agana Shopping Center

Located across Pay-Less entrance

GovGuam Agencies

- Guam International Airport
- Guam Memorial Hospital

Your Credit Union

Maite • Harmon • Tamuning

FREE for members and Lowest non-member fee on island!



CREDIT UNION LOCATIONS HOURS AND PHONES

Call Center: 477-8736

MAIN OFFICE MAITE BRANCH
121 Robat Street
Hagåtña, Guam
Fax: 477-1155

HARMON BRANCH
Route 16
Guam Business Center,
Suite 105, Harmon, Guam
Fax: 646-0470

TAMUNING BRANCH
788 S. Marine Drive,
Suite B,
Tamuning, Guam
Fax: 647-0082

MEMBER TELEPHONE SERVICE
Available 24 hours
Phone: 477-1148

BUSINESS HOURS
Mon.-Thurs. 9am-5pm
Friday 9am-6pm
Saturday 9am-1pm
Sunday CLOSED

CU WEB BRANCH
Online Banking
click • connect • done
Available 24 hours
www.ggefuc.com

NEW MAILING ADDRESS!
121 Robat Street
Hagåtña, Guam
96910