

CAAB's newsletter is designed to ensure that our IDA/MDA Savers are fully informed about relevant money management topics, effective savings strategies, financial education opportunities in the DC area, and upcoming CAAB events. Every month, we will feature a different article focusing on strategies or products that can help you plan for and achieve your savings goals.

Bank Crisis: Things to Know Now

Excerpted from a September 29, 2008 MSN Money Article by Liz Pulliam Weston. Used by permission. See the full article at <http://articles.moneycentral.msn.com/Banking/BetterBanking/bank-crisis-10-things-to-know-now.aspx>

If your bank goes bust, how do you get your money out? Are credit unions protected? What about investments? It's time to get your ducks in a row.

How can I tell if my bank will fail?

You can't. The Federal Deposit Insurance Corp. doesn't publicize the names of banks on its "problem list." According to the American Bankers Association, most banks on the list recover and return to profitability without intervention. Others are snapped up before the government can intervene, as in Citigroup's purchase of Wachovia on Monday.

Ratings services such as Bankrate.com's Safe and Sound system (www.bankrate.com/brm/safesound/ss_home.asp) try to measure the relative strength of the nation's financial institutions.

If my bank fails, will I still have access to my money?

If you're at the gas pump trying to use a debit card, for instance, will it just not work one day?

You'll most likely have

uninterrupted access to your accounts even as your money is transferred to a new bank.

Regulators usually shut down failed banks on Fridays. The FDIC then works all weekend to transfer insured deposits and most of the bank's assets to the bank that's taking over the business, or to a new entity created for just this purpose. In



the meantime, depositors could access their accounts via ATMs, debit cards and checks. On the following Monday, it would be business as usual.

Are credit unions insured the same way?

All federally chartered and most state-chartered credit unions are insured by the National Credit Union Share Insurance Fund, which is a federal fund that is backed -- like the FDIC -- by the full faith and credit of the U.S. government. The share-insurance fund is an arm of the National Credit Union Administration, a federal agency.

Funds in these credit unions are insured to the same amounts as

FDIC-insured accounts: \$100,000 per depositor per credit union, with up to \$250,000 coverage for certain retirement accounts.

Should I bail out of the stock market?

If you already have all the money you're ever going to need, sure.

If you're like most of us, though, you're still working toward financial independence, and you need the long-term returns of the stock market to get there. In the long run, stocks perform better than any other investment -- but you may have to weather times like these once in awhile.

Even if you're in retirement, financial planners will typically tell you to keep at least 50% of your assets in stocks and stock mutual funds to overcome inflation's effects and ensure you don't run out of money.

Are money market funds still safe?

If you've got cash in a money market fund that you'll need within the next couple of years and you're concerned, you can consider transferring it to an FDIC-insured bank. Just pay attention to the FDIC insurance limits -- typically \$100,000 per depositor per bank.

If there's a credit crisis, how come my credit card company just raised my limit?

CONGRATULATIONS!

The following savers made asset purchases in the month of October:

Home

Ingrid Drake

Education

Brittany Beatty
 Natasha Brown
 Nebiat Fekade
 Christina Fox
 Xiao Min Gao
 Damien Goines
 Troy Henderson
 Sariane Leigh
 Amanuel Mekonnen
 Sheryl Pearson
 Osvaldo Pena
 Sherry Richardson
 Cynthia Simon
 Tiffany Simpson

Small Business

Tracy Hines
 Bienvenu Akpakla
 Charlita Jordan
 Gary Hill
 Tsegaye Dessalegn

Credit card issuers are cozying up to folks they consider good risks while trying to limit the damage that can be done by people they consider bad risks.

That's why borrowers with mediocre and worse credit scores are finding their credit limits being reduced and their interest rates raised, while those with good scores continue to enjoy excellent access to most forms of credit.

Mortgage lending is somewhat of an exception. You'll still have far more options if you have good scores, but you may also need a bigger down payment (or more equity, if you're refinancing) than you have in the past.

UPCOMING EVENTS & ANNOUNCEMENTS

Small Business Advice Clinic

at 2600 6th Street NW, Room 128 (Shaw-Howard University metro stop)

Thursday, November 20, 5:00-7:30 p.m. Free clinic presented by the DC SBDC at Howard University School of Business. Meet with attorneys at a brief advice and referral clinic to get information on business formation, contracts and agreements, leases, compliance with tax laws, or any other questions related to small business legal issues. One-on-one interaction with DC attorneys!

SCORE Business Workshops

at 740 15th Street NW, 3rd Floor (McPherson Square metro stop)

Selling to your Customer Base (\$30) Do you want to take your company to the next level? This workshop shows how to evaluate your current customers and sales to uncover pockets of profitability. A financial expert shows how to get valuable information from your historical sales and expense data and a marketing expert demonstrates how to use this insight to up-sell, cross-sell and re-sell. **Monday, November 17, 10:00 a.m.-1:00 p.m.** Call 202-272-0390 to register.

Small Business Tax Tips (\$30) This workshop covers tax obligations and schedules, how to legally minimize taxes and maximize profit, employee vs. independent contractor status, and introduction to IRS website. The workshop will be taught by a CPA and an IRS agent. **Friday, December 12, 9:00 a.m.-12:00 p.m.** Call 202-272-0390 to register.

GED Practice Test

at 901 G Street NW, Room 300 (Metro Center or Gallery Pl-Chinatown metro stops)

The GED Practice Test is currently being offered at the Martin Luther King Jr. Memorial Library. The test is four hours long and scores are given after the test. The Practice Test is offered every Saturday starting at 9:30 a.m.

La Importancia de su Dinero

at HCS Training Center, 2410 17th Street NW, Suite 100

Como leer su reporte de credito, como mejorar su credito, como hacer un presupuesto familiar. Si tiene demesiada deuda y no puede dormir, debe atender este taller gratis. El Segundo lunes del mes, 6:00 p.m.-8:00 p.m. Llama Elsa Zambrano a 202-667-7006 para inscribirse.

Retirement 101 A CAAB Special Seminar Presented by CAAB



Wednesday, December 3, 6:30-8:30 p.m.
at 1801 K Street NW, Suite M100

How much money will I need to retire? What is a 401(k) plan or an IRA? How does the stock market play a role in my retirement plans?

We all have questions about retirement. It pays to be informed! At our FREE seminar you'll learn:

- **How to determine your financial needs at retirement**
- **Types of retirement plans available**
- **Retirement options through self-employment**
- **Strategies for dealing with the ups and downs of the stock market and more...**

Call 202-419-1443 to register (space is limited!)



Help With Your Utility Bills

DC residents whose electric service has been cut off or is at risk of being disconnected can apply for emergency aid through the DC Department of the Environment's Energy Division. If you are eligible, you can receive between \$49 and \$1,300 as a one-time benefit for your household.

How to Apply for Help:

Regular Assistance (your electricity has *not* been disconnected)

- Set up an appointment with DDOE by calling 311.

Emergency Assistance (your electricity *has* been disconnected)

- An appointment is not necessary. Go to the DDOE office at 2000 14th Street NW, Third Floor, between 8:30 a.m. and 4:30 p.m.
- Bring your disconnection notice, your most recent utility bills (or a copy), your government-issued ID, and proof of income for everyone in your home who receives income.

CAAB CORNER

Support CAAB and get a deal on your Holiday Shopping!



CAAB is auctioning off several more prizes from last month's successful *In the Black* Annual Benefit. The great gifts still available for bid include gift certificates to stylish U Street boutiques, dance classes, a designer handbag, and signed sports and music memorabilia. Starting bids on many items are less than \$20! See the full list at <http://www.caab.org/silent-auction.php>. **Please submit your best offer above the minimum bid by noon EST on Friday, December 5, 2008. Bids must be submitted via e-mail to auction@caab.org.** Bids delivered via email will be deemed received when actually received at this email address. This is a sealed bid auction. The bidder will not know what other bids have been submitted. If there are multiple high bids of the same amount, CAAB, in its sole discretion, will determine the selection of the successful bidder. If you have any questions please call Donna V.S. Ortega at 202-419-1440 ext. 105.