

HOW TO CHOOSE A CREDIT UNION

By Mike Dunn

Joining a credit union is easier now than it's ever been before. Credit unions have always been, by their very nature, exclusive. They are typically formed for a specific purpose, to serve a particular group of people who share a common bond. The credit union might serve employees of a particular company, to use one prominent example, or they might serve the people of a certain community, or the people who belong to a certain church or denomination or are part of a social or civic organization.

The good news today is that even though credit unions have maintained their exclusive quality, it is much easier to find a credit union where you will be welcomed with open arms. The Internet has greatly simplified the process of finding a credit union that is close to home with membership criteria that suits you.

Why seek to become part of a credit union? There are lots of good reasons.

Credit unions are cooperative efforts, owned and operated by their members. They are not-for-profit enterprises designed to benefit those who come under the umbrella of membership. They represent, for most people, a safe, convenient place to save money and to get loans at reasonable rates.

Credit union services typically include checking, consumer loans, mortgages and investment accounts. Some also offer credit cards and debit cards. Some of the larger credit unions offer even more services, however, changing their policies and upgrading their services to fit their members' growing financial needs. For example, some credit unions have the capability of managing accounts and paying bills electronically through their own Web site. This gives the member access to his or her personal account 24 hours a day.

The bottom line for most people is that credit unions offer lower fees and better rates than most banks. Credit unions can usually offer much better interest rates on credit cards as well. The reason is that credit unions are not-for-profit entities that exist solely to serve their members. As such, they aren't vulnerable to the vicissitudes of the stock market. They are able to offer low rates and retain a positive cash flow at the same time. There is a financial reserve in place to deflect losses from things such as loan defaults, and almost all credit unions are insured through the National Credit Union Administration (NCUA) for up to \$100,000.

Another advantage of joining a credit union is having a say in how your money works for you. In most cases, a potential member will submit an application and, upon acceptance, buy at least one share of stock at a nominal fee to become a lifetime member with the authority to vote. Remember, there is no such thing as a credit union customer; there are only credit union members.

Now that we've looked at some of the advantages of joining a credit union, how does one go about becoming a member?

When it comes time to seek a credit union, you must first find an institution with criteria for membership that fits you. After a little investigating, through means of the Internet or by asking friends or coworkers, a person will find most of the time that there is a choice between several suitable credit unions.

Once you establish your potential choices, check around and compare. Ask direct questions about fees and interest rates and minimum balances and the number of services that are offered. How long is the waiting period before you are eligible for a loan? Is there 24-hour online access to the account? How many ATM machines does the credit union operate and where are they located?

After you've invested a little time into investigating your choices, you will be able to make a confident decision based upon the information you've received. If all the credit unions offer basically the same services, then base your decision upon other factors such as location or the friendliness of the people.