

Money Matters

Fourth Quarter, 2008

A quarterly newsletter for retirement plan participants of Union Bank & Trust Company

Here for You, Here for the Community

Union Bank & Trust Retirement Plan Services

History books will someday be filled with information about the collapse of the financial markets in 2008: federal government takeovers, bailouts and bridge loans. Not to be overshadowed by this dismal news, our Retirement Plan Services staff continued our commitment to providing exceptional service, and gave our time, talents and resources to providing a lift to those in our community who need it most. Reaching out to help others, even during difficult times, lifted our spirits and certainly helped to put the most important things in life in perspective. As always, we're here for you, any time you need us.

St. Monica's "Amazing Chase"

St. Monica's in Lincoln, Nebraska, is a behavioral health treatment organization dedicated to serving women. The organization doesn't change lives — it gives over 300 women each year a safe place and the skills they need to change their own lives. In the Amazing Chase fund-raiser, teams navigate challenges across the city of Lincoln, racing against other teams to reach the finish line first. There are many challenges to complete in order to receive a clue that takes the team to the next destination. Our Retirement Plan Services team, the Sassy Solvers (Leslie Gibbens, Kristy Leitschuck and Cindy Warren), used their individual skills and expertise to help the team. They finished 6th out of 23 teams in the race, and 2nd in total funds raised, helping St. Monica's reach their \$50,000 goal.

Dollar-A-Dog & the United Way

To kick off our annual United Way campaign, Union Bank held an outdoor party for employees and their families. The main attraction was a hot dog eating contest featuring 10 of the bank's hungriest employees. All Lincoln employees were encouraged to sponsor a contestant by pledging \$1 for every hot dog they ate in 6 minutes. The event created quite a buzz around the bank. By the time the smoke cleared, Union Bank raised over \$5,000 to benefit the food service agencies within the United Way. Everyone from Retirement Plan Services was on hand to support our own contestant, Chad "Iron Stomach" Melcher, who made a strong showing. The entire campaign went on to raise over \$200,000, a record-high for Union Bank.

Magic Moments

Each year during the holiday season, our Magic Moments campaign provides a bright spot for 10 families in need. The public is encouraged to nominate friends, family, neighbors or church members who could use a little help. Our Magic Moments committee then reviews the nominations (over 140 this year) and takes on the difficult task of selecting the final 10. We then set out to determine what the family really needs and what we could do to be of the most help. The presentations are particularly rewarding. We get to meet the families face-to-face, share some holiday joy and celebrate the many blessings we have. Our own Tanya Dick, Stacy Gutschenritter and Charity Kuehn have represented Retirement Plan Services on the Magic Moments committee.

IRS Announces 2009 401(k) Contribution Limits

401(k) / 403(b) / 457(b) Elective Deferrals	\$16,500
Catch-Up Contributions (non-SIMPLE)	\$5,500



You Belong Here.™

Digging Out of Debt

by Samantha Eckhardt, Education Coordinator—Retirement Plan Services

Imagine being debt free—no more sleepless nights over growing credit card balances or living paycheck to paycheck because debt feeds on half of your check. The secret to paying off debt is really very simple: all you need to do is earn more than you spend, and apply the extra toward paying down your debt. Sounds easy, right? We all know it can be much harder than that.

So what can you do? First of all, you need to realize that if you can't pay for it today, you can't afford it. This will help you with bad debt going forward.

Next, look at all the debts you have accumulated through the years and distinguish between "Bad Debt" and "OK Debt." Home mortgages and student loans are examples of OK Debt. Typically OK Debt offers a lower interest rate and often has tax advantages. Automobile loans are on the border; they often satisfy the low rate, but almost never appreciate in value. Bad Debt is everything else, from your Platinum credit card to the 19% interest card you have out for the furniture you bought last year. Bad debt needs to be your first priority.

To get started on this Bad Debt you will need to add it all up. Gather up the latest statements from all of your Bad Debt accounts. Find the minimum monthly payment for each account and then add these up to get an overall monthly minimum. Pledge to pay this overall minimum PLUS an additional amount every month—enough to make a solid dent in the outstanding balance of at least one account. If you can't pull this off, you'll have to make a move to increase your income or lower your expenses. It sounds harsh, I know, but there must be some expenses you could cut down on (i.e. cable, text messaging or eating out).

You may ask, "Which Bad Debt should I apply the additional amount toward?" There are two methods you can use.

First, you could apply the additional amount toward the Bad Debt with the highest interest rate. Continue paying

all minimums on the others, but apply the additional amount to the debt with the highest APR. Once you get that debt paid off, take that additional amount PLUS the minimum you were paying on the paid off debt and start working towards the next one with the highest APR. Keep repeating until the last Bad Debt account is paid in full.

Second, you could apply the additional amount toward the Bad Debt with the smallest balance; this is referred to as the Snowball Effect. This may sound silly, but it makes sense for many people. The sooner you pay off a balance, the more satisfied you will be and the more motivated you will become to move forward. It is much easier and faster to pay off a Bad Debt of \$500 versus \$2,000. With this approach, you will still pay the minimums on all accounts and then apply the additional amount toward the account with the smallest balance. Once that account is paid off, take the additional amount and the minimum you were paying and apply to the debt with the next smallest balance. Both of these methods have been proven to work; it's up to you to choose the one that fits you.

Another tip: call the companies you have accounts with. Tell them that you'd like to stay with them, but that you have received offers for lower interest rates. Be confident and stand firm; many companies will work with you to lower your rates.

Remember, paying off debt is not something that is going to happen overnight. It may take years to get all of your debts paid off, depending on how much you have to begin with. It is going to take discipline and commitment. Remember, STOP making purchases if you don't have the money to pay in cash. If it's credit cards you have trouble with, get rid of them and only keep one card for emergencies.

Good luck budgeting and goal setting in 2009!



Money Matters is a quarterly newsletter for retirement plan participants of Union Bank & Trust Company. For additional information or if you would like certain topics to be covered in this newsletter, please forward any questions or comments to:

Investment products: Not FDIC Insured - No Bank Guarantee - May Lose Value.

Retirement Plan Services

6811 S. 27th Street
P.O. Box 82535
Lincoln, NE 68501-2535

Phone: (402) 323-1592
Toll-free: (888) 769-2362
Fax: (402) 323-1339