

West View Savings Bank

“Over 100 Years of Quality Banking”

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NEWSLETTER

March 2011

What is the Government Doing with the Economy?

A Message From Our President David J. Bursic

Last month I wrote about the Federal Reserve's efforts to restart the economy through monetary policy (low interest rates and “quantitative easing”). This month I would like to consider the role of fiscal policy – government spending and taxation – on the economy.

In considering fiscal policy, the federal budget is a good place to start. Unlike individuals, and most state and local governments, the federal government can (and does) spend more than it raises in revenue within a year and finance the deficit by issuing government bonds. Deficit spending can help the economy in the short term by providing a source of demand for goods and services. Sustained deficits, however, can reduce the future buying power of consumers as government bonds are repaid.

For 2009 and 2010, the federal government ran a deficit in excess of 1 *trillion* dollars. How much is a trillion of anything? Using time as an analogy, one million seconds comes out to be about 11½ days. A billion seconds is 32 years. A trillion seconds is about 32,000 years.

For 2009, the federal deficit totaled about \$1.4 trillion.

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North Hills Community Outreach Helps Local Families



North Hills Community Outreach is an organization of People Helping People that addresses the needs of local families in poverty, hardship, and crisis. They operate two food pantries, serving between 400-500 families every month.

The first time NHCO met “Jim” and “Sally” was during a food pantry distribution when they learned the couple had been living in their car for the last couple of weeks. Living in a car is unhealthy under the best of circumstances, but Jim had serious health issues that made it downright dangerous, and it was cold!

NHCO provided Jim and Sally with a lot of easy to prepare foods and put them up in a local motel while they worked with other agencies to help them further. NHCO was able to get them medical care, new Social Security cards, food stamp cards, and housing in a long-term shelter.

NHCO utilizes a holistic, comprehensive approach to helping our neighbors in need. Rare is the case that a hungry person is just hungry. There is usually more to the story, and NHCO is there to listen and walk alongside people in crisis, hardship, and poverty.

All food and financial donations designated for NHCO's food pantry received in March and April help the organization earn money from the **Feinstein Foundation's** annual \$1 Million Giveaway. For more information, call NHCO's Food Pantry Coordinator Brandi Rukovena at 412-487-6316, option 1.

In 2010, the Congressional Budget Office projects the federal deficit to be slightly lower - \$1.3 trillion.

Relative to the size of the economy, the 2009 deficit totaled about 9.9% of gross domestic product (GDP - gross domestic product, or gross domestic income, is the market value of all final goods and services produced within a country in one year). The 2010 deficit is projected to total about 9.1% of GDP. Historically, the 2009 and 2010 fiscal deficits are extremely high – in both dollars and as a percent of GDP.

Revenues for 2009 totaled about \$2.1 trillion. Individual income taxes contributed \$915 billion, Social Security and Medicare taxes provided \$891 billion and corporate income taxes added \$138 billion. Other revenue (payments from the Federal Reserve, user fees, lease receipts, etc.) totaled \$161 billion.

Expenditures for 2009 totaled about \$3.5 trillion. Mandatory spending is spending which has previously been enacted into law and that is not subject to the annual appropriations process. For 2009, mandatory spending totaled \$2.1 trillion. The three largest types of mandatory spending include Social Security (\$678 billion), Medicare (\$499 billion), and Medicaid (\$251 billion). Other examples of mandatory spending include unemployment compensation (\$120 billion), earned income and child tax credits (\$67 billion), Supplemental Security Income (\$45 billion), civilian and military retirement (\$138 billion), and veterans benefits (\$50 billion). Mandatory spending during 2009 totaled about 60% of federal government expenditures. Discretionary spending – spending which is subject to the annual appropriation process – totaled \$1.2 trillion. Examples of discretionary spending include defense outlays (\$657 billion) and nondefense expenditures (\$581 billion). Major nondefense spending components would include health and human services, education, state and international programs, veteran's affairs, homeland security, housing and urban development, energy and agriculture). Discretionary spending made up about 35% of federal expenditures in 2009. The remaining outlay for 2009, net interest on the public debt, totaled \$187 billion, or about 5% of federal expenditures.

As a nation, we have several fiscal choices to consider: (1) continue to run fiscal deficits, (2) increase taxes, or (3) reduce expenditures. A growing economy will help with, but not eliminate, any of these three choices.

Continued fiscal deficits will need to be financed by issuing more government debt. This will likely lead to ever-increasing debt burdens on the budget and require either tax increases or spending reductions. We also need to consider how to settle our debt if (and

when) foreign creditors, such as China or Japan, were to demand repayment.

Increasing income or payroll taxes will reduce a consumer's ability to choose how to spend their family's income, and impedes a business' ability to hire people or invest in equipment and machinery to grow the business.

Reducing expenditures involves painful decisions about Social Security, Medicare, defense, and nondefense spending. Even if all nondefense discretionary spending (\$581 billion in 2009) were eliminated, the federal deficit would still have been about \$1 trillion.

Economic growth will eventually increase tax revenues as the economy recovers. The question is, will we as a nation continue to expend our resources faster than our income? In the meantime, we will need to look at a combination of painful choices about Social Security, Medicare, tax increases, and spending cuts in order to put the nation's fiscal house in order. While many support a smaller government, few may be willing to have their ox gored.



What is identity theft?

Identity theft occurs when someone acquires your personal information and uses it without your knowledge to commit fraud or theft. It is a serious crime and cases are growing. An all-too-common example is when an identity thief uses your personal information to open a credit card account in your name.

No matter how cautious you are, there is no way to completely prevent identity theft from occurring. But there are ways you can help minimize your risk. This page contains valuable information on how you can protect yourself by managing your personal information wisely, the warning signs of identity theft, and what to do if you do become a victim.

Helpful Tips

- Don't give out personal information on the phone, through the mail or over the Internet, unless you've initiated the contact or are sure you know whom you're dealing with.
- Don't carry your Social Security card with you; leave it in a secure place. Carry only the identification and credit and debit cards that you need.

- Don't put your address, phone number, or driver's license number on credit card receipts.
- Social Security Numbers (SSN) or phone numbers should not be put on your checks.
- Shred your charge receipts, copies of credit applications, insurance forms, physician statements, checks, and bank statements, expired charge cards that you're discarding, and credit offers you get in the mail.
- Secure your credit card, bank, and phone accounts with passwords. Avoid using easily available information like birth date, the last four digits of your SSN, or your phone number. When opening new accounts, you may find that many businesses still have a line on their applications for your mother's maiden name. Use a password instead.
- Secure personal information in your home, particularly if you have roommates or hire outside help.
- Promptly remove mail from your mailbox. If you're planning to be away from home and can't pick up your mail, call the U.S. Postal Service at 1-800-275-8777 to request a vacation hold.
- Ask about information security procedures in your workplace. Find out who has access to your personal information and verify that records are kept in a secure location. Ask about the disposal procedures for those records as well.
- Before revealing any personally identifying information (for example, on an application), find out how it will be used and secured, and whether it will be shared with others. Ask if you have a choice about the use of your information. Can you choose to have it kept confidential?

Protect Yourself Against Phishing and Other Scams

Phishing usually comes in the form of fraudulent emails that appear to come from legitimate sources. These ask customers to verify personal information or link to counterfeit Web sites that appear real.

Watch for emails that:

- Urge you to act quickly because your account may be suspended or closed, or to update your personal information.

- Ask for account numbers, passwords, Access IDs, or other personal information.
- Don't address you by name, but use a more generic one like "Dear valued customer."

West View Savings Bank will NEVER ask for sensitive information, such as account numbers, access IDs or passwords, via e-mail.

Tips for Safeguarding Your Information:

- Review your monthly accounts regularly for any unauthorized charges.
- Order copies of your credit report once a year to ensure accuracy. You may call 1-877-322-8228 for a free credit report from any or all three credit-reporting agencies.
- Do business with companies you know are reputable, particularly online.
- Do not open email from unknown sources and use virus detection software.
- Protect your PINs (don't carry them in your wallet!) and passwords; use a combination of letters and numbers for your passwords and change them periodically.
- Report any suspected fraud to your bank and the fraud units of the three credit reporting agencies immediately.

TransUnion: (800)680-7289
 Experian: (888)397-3742
 Equifax: (800)525-6285



West View Office	412-931-2171
McCandless Office	412-364-1911
Cranberry Office	724-776-3480
Sherwood Oaks Office	724-776-4870
Franklin Park Office	724-935-7100
	724-935-7400
Bellevue Office	412-761-5595

Visit us at www.wvsbank.com



Kid's Korner

Easy Beef Lasagna

Days and Months

Find and circle all of the Days and Months that are hidden in the grid.

The words may be hidden in any direction.

Y A Y U F U Y R A U N A J
A D Y A A R T R N C Y R F
D E Y C D S I M L A E E E
S N U R U S O D M T D B B
E U O G E N E Y A E N M R
U J U V D B A N C Y Y E U
T A R A E D O E D A E T A
E T Y Y S M M T P E A P R
C D R R A B B R C Y W E Y
A D U F E I I E E O L S N
U H Y R S L H C R A M U U
T E T U S U N D A Y D Y J
N A P T R S A T U R D A Y

Monday, Tuesday, Wednesday, Thursday, Friday,
Saturday, Sunday, January, February, March, April, May,
June, July, August, September, October, November,
December



Ingredients:

- 1-pound lean ground beef
- 1 onion, chopped
- 1 (4.5-ounce) can mushrooms, drained
- 1 (28-ounce) jar spaghetti sauce
- 1 (16-ounce) package cottage cheese
- 1 pint part-skim ricotta cheese
- 1/4 cup grated Parmesan cheese
- 2 eggs
- 1 (16-ounce) package lasagna noodles
- 8 ounces shredded mozzarella cheese

In a large skillet, cook ground beef until brown. Add mushrooms and onions; sauté until onions are transparent. Stir in pasta sauce and heat through.

In a medium size bowl, combine cottage cheese, ricotta cheese, grated Parmesan cheese, and eggs.

Spread a thin layer of the meat sauce in the bottom of a 13x9 inch pan. Layer with uncooked lasagna noodles, cheese mixture, mozzarella cheese, and meat sauce. Continue layering until all ingredients are used, reserving 1/2 cup mozzarella.

Cover with aluminum foil and bake in a preheated 350 degree oven for 45 minutes. Uncover, and top with remaining mozzarella. Bake for additional 5 minutes. Remove from oven and let stand 10 to 15 minutes before serving.