



ALLIANCE
CREDIT UNION

Personal. Banking.

Prepare for Anything SPRING 2008

Smart Living



También interior:
Cómo eliminar las ejecución hipotecarias

Prepare for Anything

In unpredictable times, it pays to fortify your finances.

With the housing market slump, stock market volatility, talk of economic recession and a hotly contested presidential election in the offing, 2008 promises to be a turbulent year. The commotion will affect the portfolios and pocketbooks of many Americans, but taking a few steps now can help protect your finances and peace of mind.

BUILD YOUR SAVINGS

You usually can't predict when or where a crisis may strike, but you can prepare. Financial experts recommend having an emergency fund of three to six months' worth of living expenses and keeping it in an easily accessible, liquid account. But saving money can be difficult even in the best of times. A savings account

from Alliance Credit Union can help you make it a habit.

Start with a savings or Liquid Asset Account, and make frequent, affordable deposits. A Liquid Asset Account is an ideal way to achieve your short- to medium-range savings goals. You'll earn a higher dividend rate than savings accounts pay and it allows convenient access to your funds.* Both savings accounts and Liquid Asset Accounts are NCUA-insured up to \$100,000 per depositor, per legal category, plus an additional \$250,000 in excess share insurance through ASI.

If you can't afford the initial minimum deposit of a Liquid Asset Account, start with a savings account, then transfer

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WWW.ALLIANCECREDITUNION.ORG
P.O. Box 18460 San Jose, CA 95158-8460 | 800-232-8669

Also inside

Tax Planning for 2008
Before you put your 2007 taxes completely out of your mind, take a little time to prepare your strategy for a lower tax bill come April 2009.

Stock Market Corrections
Despite the pain of staring at a dwindling account balance, a correction in the market isn't necessarily a bad thing.

Alliance CU's New Visa® Credit Card
We're "keeping things simple" with our new Visa card: it's easy to understand and use.

Prepare for Anything, continued

the money to boost your earnings when you've saved the account's minimum. Alliance can help you set up direct deposit or an automatic transfer from a checking account to put your savings on autopilot.

CHECK YOUR COVERAGE

Spending a few minutes now to review your homeowners and auto insurance coverage may save you considerable time and trouble if it comes time to use it. A few strategic changes could even save you money. Take time to review your current homeowner's policy to determine if you are adequately covered. Do you have enough insurance to cover the cost of rebuilding, which may carry a higher price tag than your home's market value or assessed value? Does it cover at least 80% of your home's replacement value? If you're covered for less, you give up the right to collect the full replacement value of your home, even for a partial loss.

A common auto insurance mistake many drivers make is having too little liability coverage and too much collision coverage. Insurance experts recommend cancelling collision coverage on older cars once the financed loans are paid off and the car is at least five years old. Also consider dropping collision insurance when the value of your car dips below \$3,000 – the cost to repair your car may be higher than its depreciated value.

As with all insurance coverage, be certain you comparison-shop for policies and coverage that best meet your ever-changing needs at the best price possible. Alliance Credit Union members can save up to 5% on homeowners and 10% on auto insurance while enjoying the competitive rates and great service of our partners Liberty Mutual and Progressive Insurance.** To learn more, call **888-380-9287**.



PROTECT YOUR PORTFOLIO

Even the most seasoned investors likely feel uneasy with the stock market's recent volatility. But market cycles are nothing new, and the CFS Investment Advisors*** at Alliance Credit Union are armed with lessons gleaned from years of investing through the market's ups and downs. They can help you formulate an investment strategy that fits your goals, timeline and risk tolerance to help you power through the market's unpredictability. To contact the Investment Advisor near you, call **800-232-8669**.

THE HELP YOU NEED

In unpredictable times, it pays to fortify your finances. From strengthening your savings to protecting your assets, Alliance Credit Union offers the products, services and qualified experts you need to persevere. No matter what the future brings, we can help you prepare.

Resources

Alliance Credit Union
www.alliancecreditunion.org
408-445-3386 in San Jose
800-232-8669 Nationwide

Alliance Credit Union
Investment Advisors
408-979-2478 in California
910-793-2232 in North Carolina

Alliance Credit Union
Insurance Services
888-380-9287 Nationwide

National Credit Union
Administration (NCUA)
www.ncua.gov

American Share Insurance (ASI)
www.americanshare.com

BALANCE®
www.balancepro.net

* Liquid Asset Account allows unlimited over-the-counter transactions and withdrawals, up to three check transactions per month and a maximum of six non-personal transactions (any transfer that is triggered by an event – e.g., ACH or overdraft protection – and happens automatically, or that requires a transfer request such as Online Banking and Tell-A-Phone) per month.

** Discounts are not available in all states and discounts vary by state. Coverage provided and underwritten by leading insurance companies, including Liberty Mutual Insurance Company and its affiliates, 175 Berkeley Street, Boston, MA. To the extent permitted by law, applicants are individually underwritten; not all applicants may qualify. A consumer report from a consumer reporting agency and/or motor vehicle report will be obtained on all drivers listed on your policy where state regulations allow. The insurance offered is not a deposit and is not insured by the NCUSIF or guaranteed by your credit union.

*** Investment products and services offered through CUSO Financial Services, L.P. (CFS), an independent broker-dealer, are not NCUA/NCUSIF insured, not credit union guaranteed and may lose value. Representatives are employed by and registered through CFS (Member FINRA / SIPC).

Tax Planning

Tax Planning for 2008? Anything Goes

*Keep in mind these four
tax-related changes for 2008.*



Tax season is wrapping up for this year. But before you put taxes completely out of your mind, take a little time to prepare your strategy for a lower tax bill come April 2009. Keep in mind these four tax-related changes for 2008:

HIGHER IRA CONTRIBUTION LIMITS

In 2008, you can contribute up to \$5,000 (or your earned income, whichever is less) to any combination of Roth and traditional individual retirement accounts. If you're age 50 or older, you can make an extra \$1,000 catch-up contribution. Non-working spouses of income earners are subject to the same limits.

In addition, the income limits for making deductible contributions to a traditional IRA have increased for 2008:

- If you're covered by a retirement plan at work, deductibility phases out for married couples filing jointly with adjusted gross income (AGI) between \$85,000 and \$105,000. For singles, the AGI limits are \$53,000 to \$63,000.
- If your spouse is covered by a retirement plan at work, but you're not, the deduction phases out between AGI of \$159,000 and \$169,000.
- If you and your spouse are not covered by a retirement plan at work, your contributions to a traditional IRA are usually fully deductible.

NEW CAPITAL GAINS TAX RATE: 0%

For three years, 2008 through 2010, the long-term capital gains tax rate for individuals in the 10% and 15% income tax brackets drops to zero.* The 0% capital gains tax rate applies to the sale of appreciated investments held for 12 months or longer. Children under the age of 18 or dependent students under age 24 are not eligible for the 0% rate.

MORTGAGE INSURANCE DEDUCTION EXTENDED

A temporary tax deduction for qualified private mortgage insurance (PMI), originally in effect for 2007 only, has been extended for three years, through December 31, 2010. Taxpayers can take an itemized deduction for premiums paid on PMI for mortgages closed after December 31, 2006. Unless you refinance your mortgage, you cannot deduct PMI on a loan you took out prior to 2007.

To qualify for the full deduction, your AGI must be \$100,000 or less; if your AGI is greater than \$110,000 you are not eligible for the deduction.

"KIDDIE TAX" REVISED

Before 2006, children's investment earnings above a certain amount were taxed at the child's tax rate for children ages 14 to 18. Since most children fall into

Resources

Alliance Credit Union
www.alliancecreditunion.org
408-445-3386 in San Jose
800-232-8669 Nationwide

Internal Revenue Service
www.irs.gov

the 10% tax bracket – compared with rates up to 35% for their parents – that offered the potential for substantial tax savings.

In 2006, that law was changed so that unearned income above a certain amount is taxed at the parents' rate until the child reaches age 18.

In 2008, a new tax law broadens the cut-off age to include children ages 19 to 23 who are dependent students. In 2008, a child's unearned income above \$1,800 will be taxed at the parents' rate. The amount will be adjusted for inflation in future years.

PLAN A FLEXIBLE STRATEGY

Since tax laws are complex and change frequently, be sure to consult your tax advisor before making changes that will affect your tax status. And since President Bush called in January for Congress to pass immediate tax relief for individuals and businesses of up to \$150 billion, it's a good idea to be prepared for anything.

* Unless new legislation is passed extending it, the long-term capital gains tax rate will revert to 10% for taxpayers in the lowest two income tax brackets and 20% for all others in 2011.

Smart Money

Managing Money After a Layoff

A strategic plan can help you weather a temporary setback.

If a pink slip were to land on your desk tomorrow, you might panic. Many Americans live paycheck-to-paycheck, and if they lost their jobs, they wouldn't know what to do financially. While being laid off is never fun, having a strategic money management plan can help workers weather the temporary setback.

PREPARING FOR THE STORM

In today's economy, even the most secure jobs are not a sure thing. That is why it is important to have an emergency fund of cash available in the case of a layoff. Keeping the money in a liquid account, such as a savings or Liquid Asset

Account, would guarantee easy access if you found yourself out of work. Most experts recommend having three to six months of expenses saved.

If a layoff has already happened, there are other measures to consider. If you are eligible for unemployment benefits, apply immediately – the process can sometimes take awhile. Unemployment benefits are usually just a fraction of your salary, but they can help bridge the financial gap between jobs.

If you are offered a severance package, try and negotiate the best terms you can, especially if you have had a long tenure with your employer. Make sure to ask about temporary health benefits, such as COBRA, as well.

HAVING A PLAN

While you are hunting for a new job, putting an emergency spending plan in place can help you make ends meet. Cut out any unnecessary expenses, such as cable TV, pricey gym memberships and dining out. Now is the time to focus only on the essentials: mortgage or rent, utilities, groceries, insurance and loan payments.

Resources

Alliance Credit Union
www.alliancecreditunion.org
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BALANCE®
www.balancepro.net

If you're having trouble making your credit card or loan payments, call your creditors as soon as you think you may miss a payment. They may be willing to work with you by reducing your interest rate or freezing your payments temporarily.

A NEW OPPORTUNITY

Try to be optimistic about the loss of your job – a layoff might just open the door to new career opportunities! Start networking and applying for jobs as soon as possible, and hopefully you'll be back to work before you know it.

* APR = annual percentage rate.



Stock Market Corrections: Good, Bad or Ugly?

Whether it's your boss chewing you out, your editor blue-penciling your story or your spouse criticizing your cooking, you probably don't enjoy corrections. Likewise, most investors don't enjoy corrections in the stock market, defined as a 10% drop in value from a recent high.

Despite the pain of staring at a dwindling account balance, a correction in the market isn't necessarily a bad thing.

THERE'S A REASON IT'S CALLED A CORRECTION

In November 2007, the Dow Jones Industrial Average and the Standard & Poor's 500 Composite Index were down 10% from record highs set in October. It was the first official correction since 2003. Analysts blamed it largely on the subprime credit crisis, as investors fled the stock market in favor of more conservative investments amid fears of a looming recession.

But a correction can be positive, as long as you have a long-term investing outlook:

- It can correct an overvaluation in the stock market, bringing prices back in line with companies' fundamentals, such as their book value and price/earnings ratios.
- It can set the stage for a new rally.
- It can make stock ownership more affordable, allowing you to snap up bargain-priced stocks that may appreciate in the future.

KEEP YOUR PERSPECTIVE

Over the past 10 years, there have been five official corrections (see chart). With the exception of the one in 2002, stock prices moved back up within six months.* Unless you need your money right away, you may want to consider riding out corrections rather than selling stocks at a loss, particularly if the investments are still fundamentally sound and appropriate to your goals, timeline and risk tolerance.



Resources

Alliance Credit Union
Investment Advisors

408-979-2478 in California

910-793-2232 in North Carolina

One way to help remove emotional reactions to changes in the market is to practice systematic investing, also called dollar-cost averaging.** With this strategy, you invest a set amount of money in the market at regular intervals – say, once a month – regardless of current market conditions. When prices are down you buy more stocks, and when they are up you buy fewer. Since you aren't buying and selling in response to temporary conditions, you help avoid the chance that you'll be out of the market if a rally does occur.

You may also want to review your portfolio with a CFS Investment Advisor*** at Alliance Credit Union who can help you make objective decisions about your investments. To make an appointment for a no-obligation consultation, please call **800-232-8669**.

* Source: *The Wall Street Journal*, Nov. 27, 2007. Past performance is not an indication of future results.

** Systematic investing cannot guarantee a profit or protect against loss in a declining market. Consider your ability to continue investing through various market cycles.

*** Investment products and services offered through CUSO Financial Services, L.P. (CFS), an independent broker-dealer, are not NCUA/NCUSIF insured, not credit union guaranteed and may lose value. Representatives are employed by and registered through CFS (Member FINRA / SIPC).

Stock Market Corrections and Their Aftermath*

This chart shows the five corrections since 1998 – when the market as measured by the Dow Jones Industrial Average dropped 10% from its previous high – and market performance in the six-month and 12-month periods that followed. Past performance is not an indication of future results.

Date of Correction	Gain or (loss) 6 months later	Gain or (loss) 12 months later
Nov. 26, 2007	???	???
Jan. 27, 2003	16.2%	32.8%
June 11, 2002	(9.8%)	(3.5%)
Feb. 11, 2000	5.8%	3.4%
Oct. 15, 1999	2.9%	1.7%
Aug. 27, 1998	14.0%	35.8%

* Source: *The Wall Street Journal*, Nov. 27, 2007.

Product Spotlight



Available Now – Alliance CU's New Visa® Credit Card

Simplify your everyday spending.

Have you been let down by a credit card? Maybe you're fed up with fees or confused by complicated lingo and rules. You can cast all these complexities aside when you use Alliance Credit Union's new Visa credit card. As part of our goal of "keeping things simple," the new Visa card is easy to understand and use.

WHAT IT OFFERS

At Alliance CU, we take a straightforward approach to your finances. Like all our products, the new Visa card doesn't include unnecessary frills. It's designed to give you maximum purchasing power while still being user-friendly. Here are several highlights of the new card:

- No annual fee
- Low, fixed APR*
- Credit lines up to \$25,000
- 25-day grace period for purchases
- No cash advance fees

Apply for a New Alliance CU Visa Card and

**You Could Win a
\$1,000 Credit!†**

Since launching the new Alliance CU Visa card, we've given away money every week to one lucky member. At the end of April, we'll award our biggest prize yet – a \$1,000 credit to one member's Alliance CU Visa card. So stop in today to apply for your Alliance CU Visa card and enter to win a \$1,000 credit!†

† No purchase necessary to enter. Visit our Web site for sweepstakes terms and conditions.

What's more, our new Visa card offers zero liability on unauthorized charges. Identity theft is a frightening thought, but you can rest assured that if your credit card is stolen and misused, we'll support you 100%.

THE LIST GOES ON

Another great feature built into the card is no penalty rate for late payments. Everyone makes mistakes once in awhile – it's human nature – but we don't penalize you for it by increasing your rate.

If you enjoy traveling, you're sure to appreciate the complimentary travel accident and auto rental insurance that comes with the new Visa card. For every airline ticket purchased with the card, you'll receive \$100,000 in travel accident insurance. If road tripping is more your style, rent a car with your Alliance Visa and receive free auto rental insurance. We've got you covered by land or in the sky.

A CARD YOU CAN COUNT ON

The Alliance Credit Union Visa credit card can help simplify your everyday purchases and give you peace of mind while traveling. The card is brand-new and ready to be used, so now is a great time to apply. For an online application, visit www.alliancecreditunion.org. You can also sign up by visiting your nearest branch or by calling **800-232-8669**. For your convenience, we offer 24/7 member support to answer all your financial questions.

* APR = annual percentage rate.

Protect Yourself from Foreclosure

In many ways, choosing a mortgage is like planting a seed. It either fragrantly blooms with affordable monthly payments, or it sprouts thorns that gouge your finances and eventually looms too large to prune. Unfortunately, many homeowners found themselves tending to the latter in 2007.

Foreclosures skyrocketed last year as homeowners with adjustable-rate mortgages (ARMs) found they couldn't afford the higher payments after their mortgage rates reset. If you find yourself in an uncomfortable situation due to a change in your mortgage payment, talk

to us. We offer a variety of mortgage options and we may be able to help you by refinancing your existing mortgage. Decreasing interest rates make it a great time to refinance.

FEND OFF FORECLOSURE

You can avoid foreclosure by plotting out your budget – factoring in future expenses, such as monthly mortgage payments, insurance and property taxes – before you sow your mortgage seed. Here are some more tips:

Save for a rainy day. An emergency fund can make a difference if you lose your job or unplanned expenses alter your financial status.

Be realistic about what you can afford. Make sure your mortgage payment is less than 33% of your monthly income, before taxes and other deductions.

más elevados después del ajuste de las tasas de interés hipotecarias. Hable con nosotros si se encuentra en una situación difícil como consecuencia de un cambio en el pago de su hipoteca. Tenemos a su disposición diferentes opciones de hipotecas y podemos ayudarlo a refinanciar su hipoteca existente. Las tasas de interés a la baja hacen que este sea un momento ideal para refinanciar.

EVITE LA EJECUCIÓN HIPOTECARIA

Usted puede evitar la ejecución diseñando un presupuesto – tomando en cuenta los gastos futuros, como los pagos mensuales de la hipoteca, seguros e impuestos a la propiedad – antes de plantar su semilla hipotecaria. Aquí tiene algunos consejos adicionales:

Ahorre para los tiempos difíciles. Un fondo de emergencia puede marcar la diferencia en caso de que pierda su trabajo o de que un gasto imprevisto afecte su situación financiera.



Understand the terms of your loan before signing anything.

Look for a mortgage, not a mortgage payment. Payments may increase as rates increase, or as property taxes and insurance premiums rise.

WE'RE HERE TO HELP

Walking away from your mortgage can damage your credit for many years. Foreclosure is not your only option; please contact us first – we want to help. Talk to a mortgage specialist today by calling **800-232-8669**. You got into the house of your dreams; now let Alliance help you keep it.

Sea razonable respecto a lo que puede permitirse. Asegúrese de que su pago hipotecario sea menor que el 33% de sus ingresos mensuales, antes de impuestos y otras deducciones.

Entienda los términos de su préstamo antes de firmar cualquier cosa.

Busque una hipoteca, no un pago hipotecario. Los pagos pueden incrementar a medida que las tasas de interés y las primas de seguros aumentan.

ESTAMOS AQUÍ PARA AYUDARLO

Abandonar su hipoteca puede dañar su crédito por muchos años. La ejecución hipotecaria no es su única opción. Por favor comuníquese con nosotros primero: queremos ayudarlo. Hable con un especialista en hipotecas hoy mismo al **800-232-8669**. Ya tiene la casa de sus sueños; ahora permita que Alliance le ayude a conservarla.

Protéjase de una ejecución hipotecaria

De muchas maneras, seleccionar una hipoteca es como plantar una semilla, que ya sea crezca y florezca aromáticamente con módicos pagos mensuales, o le broten espinas que dañen sus finanzas y finalmente sean demasiado grandes para ser podadas. Por desgracia, muchos propietarios de vivienda se vieron cultivando esto último en el 2007.

Las ejecuciones hipotecarias se dispararon por las nubes el año pasado, a medida que los propietarios de vivienda que tenían hipotecas de tasa ajustable (ARM, por sus siglas en inglés) se daban cuenta que no podían realizar los pagos

From the President



Eileen Lewis
President/CEO
Alliance Credit Union

Saving money isn't always easy, but Alliance would like to help you get in the habit. Now more than ever it's important to have a plan and a cushion. Without some savings tucked away, you could find yourself without a source of income in an emergency or unprepared for retirement. With a savings plan in place, you can reduce the impact of an unexpected event and feel more secure about your future.

Saving money can also help you achieve your financial goals. We want to help you take that first step, no matter how small. One of the easiest ways to save regularly is to set up an automatic transfer from one Alliance Credit Union account to another, like checking to savings. We can even accept transfers from other financial institution accounts. This is the easiest way to include savings in your budget. Also, check with your employer about splitting your paycheck between multiple accounts.

Once your savings begins to grow, consider transferring your balance to a higher-yielding account, such as a term share certificate or Liquid Asset Account. This gives your funds the opportunity to grow faster. Talk to us and we'll help

DID YOU KNOW?

Join us for some good old-fashioned family fun with free food for the kids and complimentary tickets to the San Jose Giants game on Sunday, April 27, for our 55th Annual Meeting. Weigh in on decisions that affect the goals and direction of your credit union, all while enjoying America's favorite pastime. Bring the whole family! The fun begins at 11:45 a.m.

you decide on the best options for your personal situation.

What's more, deposits to any of Alliance's savings products are NCUA-insured, up to \$100,000 per depositor, per legal category. Alliance also offers additional insurance provided by ASI for a total of \$350,000 for each Alliance account!*

Our IRAs are covered up to \$500,000 per account* – \$250,000 from NCUA and \$250,000 from ASI. And you never have to pay one cent for this insurance.

If you haven't saved before, talk to us about getting started. We can assist you in determining a transfer amount that works with your budget, setting reachable goals, opening a new savings account and introducing you to investing. No matter how you start your savings plan, we can't emphasize enough the importance of starting now.

To learn more about the right method and products for you, call us at **800-232-8669** and request a personal appointment with one of our Member Relationship Managers, visit us at www.alliancecreditunion.org or stop by any financial center.

* Generally, if a credit union member has more than one account in the same credit union, those accounts are added together and insured in the aggregate. There are exceptions, though. You may obtain additional separate coverage on multiple accounts, but only if you have different ownership interests or rights in different types of accounts and you properly complete account forms and applications. For example, if you have a regular share account and an Individual Retirement Account (IRA) at the same credit union, the regular share account is insured up to \$100,000 and the IRA is separately insured up to \$250,000. However, if you have a regular share account, a share certificate, and a share draft account, all in your own name, you will not have additional coverage. Those accounts will be added together and insured up to \$100,000 as your individual account.

Resources

CALENDAR*

SEMINAR: Building a Basic Budget
DATE: April 9
12:30 p.m.
LOCATION: Fremont Financial Center
Fremont, CA

Lunch seminar! Bring your lunch and we'll provide the beverage.

EVENT: Azalea Festival
DATE: April 9-13
LOCATION: Wilmington, NC

EVENT: Tax returns due
DATE: April 15

SEMINAR: Credit Score Enhancement
DATE: April 17
6:30 p.m.
LOCATION: Palo Alto Financial Center
Palo Alto, CA

EVENT: Alliance Credit Union
Annual Meeting
DATE: April 27
11:45 a.m.
LOCATION: San Jose Municipal Stadium
San Jose, CA

SEMINAR: Credit Score Enhancement
DATE: May 17
9:30 a.m.
LOCATION: Curtner Financial Center
San Jose, CA

SEMINAR: ID Theft
DATE: May 20
6:30 p.m.
LOCATION: Blossom Valley Financial Center
San Jose, CA

EVENT: Memorial Day
all locations closed
DATE: May 26

EVENT: Story Road Tamale Festival
DATE: June 7
LOCATION: Emma Prusch Farm Park
San Jose, CA

* Register for seminars online through the Event Calendar or Contact Us form, or by calling 800.232.8669.

CALIFORNIA FINANCIAL CENTERS

BLOSSOM VALLEY FINANCIAL CENTER 5681 SNELL AVE. SAN JOSE, CA 95123	CURTNER FINANCIAL CENTER 265 CURTNER AVE. SAN JOSE, CA 95125	FREMONT FINANCIAL CENTER 39174 ARGONAUT WAY FREMONT, CA 94538
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O'CONNOR FINANCIAL CENTER 2105 FOREST AVE. SAN JOSE, CA 95128	PALO ALTO FINANCIAL CENTER 541 COWPER ST. PALO ALTO, CA 94301	SANTA CLARA FINANCIAL CENTER 4677 OLD IRONSIDES DR. SANTA CLARA, CA 95054
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NORTH CAROLINA FINANCIAL CENTERS

GE PLANT SITE FINANCIAL CENTER P.O. BOX 369 CASTLE HAYNE, NC 28429	GLEN MEADE FINANCIAL CENTER 2465 S. 17TH ST. WILMINGTON, NC 28401	MYRTLE GROVE FINANCIAL CENTER 5620 CAROLINA BEACH RD. WILMINGTON, NC 28412	RACINE FINANCIAL CENTER 237 RACINE DR. WILMINGTON, NC 28403
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