



ALLIANCE
CREDIT UNION

Personal. Banking.

What's on Your Mind? FALL 2008

Smart Living



También interior:

Utilice su crédito inteligentemente en tiempos inciertos.

What's on Your Mind?

Let us help alleviate your biggest financial concerns.

Financial matters seem to be on everyone's minds these days, from shrinking investment portfolios and declining home values to skyrocketing gas and grocery prices. No matter where you are financially, you're likely feeling an economic pinch somewhere in your life.

The economy is also on the minds of 2008 Presidential candidates Republican John McCain and Democrat Barack Obama. According to a recent CNN Money poll, the economy is now the No. 1 issue for voters, with 93% saying the economy is "extremely" or "very important" to their vote.

WHERE THE CANDIDATES STAND

Both McCain and Obama have plans

to improve the economic conditions in America in the coming years.

To improve the economy, McCain supports a summer gas tax holiday and an end to policies such as ethanol subsidies and tariff barriers that he says drive up food costs. These plans, he says, would help Americans deal with the rising cost of living. To deal with the housing crisis, McCain proposes a "HOME Plan" that allows holders of non-conventional mortgages taken after 2005 (certain restrictions would apply) to refinance a troublesome mortgage for a more manageable loan. He is also in favor of repealing the Alternative Minimum Tax and keeping tax rates low.

continued on page 2

WWW.ALLIANCECREDITUNION.ORG

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

Also inside

Use Credit Wisely in Uncertain Times
Using a credit card is easy and convenient, but managing it wisely gives readers the ultimate advantage.

The Election and the Stock Market
Historical stock market results suggest there will be economic implications from November's election. Should that affect your investment strategy?

Save Money in a Slow Economy
Rising prices can be tough to bear. Learn how to stretch your family's budget.



CFS Investment Advisors** at Alliance Credit Union can help you save for whatever your future holds.

To get the economy moving again, Obama supports providing additional tax rebates to workers. He would create the Foreclosure Prevention Fund to increase pre-foreclosure counseling and help qualifying homeowners to refinance their mortgages, and provide \$10 billion in relief for state and local governments affected by the housing crisis. He plans to focus on creating new jobs, including 5 million “green jobs” by investing in clean energy technologies. Obama also plans to provide a tax cut of \$1,000 for working families, which he says will help offset the payroll taxes they pay.

HELP IS HERE NOW

While both candidates have plans to improve the economy come January 2009, Alliance Credit Union is here to help you now. We have the products and services you need in these difficult economic times.

- Our Free Checking account is free of fees* and ATM charges (other financial institutions may charge fees) to help you save money. We also have complimentary, easy-to-use online banking and bill pay, which can make managing your finances a breeze.
- Our share savings accounts have attractive rates and low minimum deposits. If you're looking to earn dividends in a safe and secure manner, an Alliance savings account is a great choice.
- We have low-rate loans to help you reach your financial goals – from buying a car to buying a home, we're here for you.

Resources

Alliance Credit Union
Investment Advisors

408-979-2478 in San Jose

910-793-2232 in North Carolina

BALANCESM

www.balancepro.net

888-456-2227

- If you're struggling to manage your finances and pay your bills, BALANCESM might be right for you. We've teamed up with BALANCE to provide free and confidential financial counseling and education. For more information, call **888-456-2227**.
- CFS Investment Advisors** at Alliance Credit Union can help you save for whatever your future holds. They can review your portfolio and help you make smart financial decisions.

To learn more about the ways Alliance Credit Union can help you make the most of your financial life, visit www.alliancecreditunion.org.

* Nonsufficient funds fees still apply.

** Investment products and services offered through CUISO 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).

Looking at the Bright Side

The latest on the nation's economy.

It's hard not to be concerned about the state of the economy these days. There's often a story in the news about the slumping stock market or a financial institution in trouble. And each time you fill up the gas tank or visit the grocery store, the impact of rising prices is evident on your pocketbook. But is it as bad as it sounds in the media?

Although there has been plenty of discussion about whether we are in – or heading toward – a recession, there has been no official declaration that we are.

WHAT IS A RECESSION?

A commonly accepted definition of a recession is a decline in the gross domestic product (GDP) for two quarters in a row. However, the federal government relies on the National Bureau of Economic Research (NBER) to determine the dates of economic expansions and recessions, and the NBER does not use that definition. The nation's official arbiter of business cycles defines a recession as a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production and wholesale-retail sales.

Resources

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

National Bureau of Economic Research
www.nber.org



The most recent recessions in the U.S., according to the NBER, were:

- March 2001 to November 2001 (8 months)
- July 1990 to March 1991 (8 months)
- July 1981 to November 1982 (16 months)
- January 1980 to July 1980 (6 months)
- November 1973 to March 1975 (16 months)

WHERE DO WE STAND NOW?

The economy has slowed since the third quarter of 2007 (when GDP was 4.8%): Real GDP was -0.2% in the fourth quarter, but growth resumed this year with the GDP up 0.9% in the first quarter and 1.9% in the second quarter.

In contrast, the GDP declined in some quarters during each of the recessions listed above, as steeply as -7.8% in the second quarter of 1980. Inflation, which

has hovered in the 4% range so far this year, spiked to 14% in the 1980 recession. Unemployment, which climbed to 5.5% in May and June 2008, is still lower than in most of the recessions listed. For instance, it reached 10.8% in 1982.

WHAT'S IN STORE?

No one knows for sure when the economy will turn around. But a new president will take office in January, and he's sure to have some fresh ideas for the economy.

No matter the state of the country's economy, it's wise to prepare your personal finances for any circumstance. Trimming debt and boosting savings puts you in a good position to make the most of any situation.

College Degrees Pay Off

Don't let the price tag overwhelm you.

Graduating from college may be one of the greatest moments of your life, but paying for it is a pretty big achievement, too. With college tuition and fees increasing 6% a year on average, both private and public schools are straining budgets, even with more than \$130 billion in financial aid available.* Even though college is expensive, it's one of the best investments you can make.

THE VALUE OF A COLLEGE EDUCATION

The advantages of a college degree generally outweigh the cost of earning it. If the price of tuition is holding you back, remember that one of the greatest benefits of higher education is the ability to earn a bigger paycheck. People holding bachelor's degrees earn over 60% more on average than those with only a high school diploma.**

Graduation means much more than a chance at higher wages, though. Many companies weed through job applicants based on educational attainment. A college degree can show that a person has what it takes to succeed, and helps open the door to advancement.

Of course, college isn't all work. It's a great opportunity for personal growth, giving you a chance to discover your strengths and passions. Even socializing can have a professional payoff: you can begin networking long before you hit the job market, building valuable lifelong contacts.

HELPING YOU GET THERE

It's vital to start saving as soon as you can, especially with tuition prices rising each year. Here are some of the ways Alliance Credit Union can help you pay your way to higher education:

Higher Education, Higher Paychecks

See what the average American earns with and without a degree:

Educational Attainment	Average Annual Income
No high school diploma. . .	\$20,873
High school diploma or GED.	\$31,071
Bachelor's degree.	\$56,788
Advanced degree	\$82,320

* Source: U.S. Census Bureau, 2006.

Coverdell Education Savings Accounts. You can save for both elementary and secondary education with this unique account. You, your family members or a corporation can invest up to \$2,000 per year, per child to help pay for education. While contributions are not tax-deductible, earnings grow in the account tax-free and, so long as they meet certain conditions, withdrawals are completely tax-free. To learn more, talk to a CFS*** Investment Advisor at Alliance Credit Union.

Signature Loans. Alliance Credit Union members enjoy excellent rates on every type of loan we offer. If you need up to \$20,000 quickly for tuition – or applications, books or housing – a Signature Loan can get you going.

Rose Ratka Scholarship Program. This scholarship is awarded annually to exceptional high school seniors who intend to further their education at an accredited institution the following fall.

To get started saving for higher education, call us at **800-232-8669** or visit www.alliancecreditunion.org.



Resources

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

The College Board
www.collegeboard.com

* Source: www.collegeboard.com.
** Source: National Center for Education Statistics, 2007.
*** 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).

The Election and the Stock Market

Could the next President affect your portfolio's performance?

Will your vote have an impact on the stock market? If history is any judge, it depends on who wins.

Past performance is not an indication of future results, of course. But the Dow Jones Industrial Average returns from 1900 to 2004 suggest that the stock market tends to be strong if a Republican wins, with little impact if a non-incumbent Democrat wins. However, stock market performance tends to be best when one party controls both the White House and Congress.*

Timing may also have an effect. Historically, the best stock market years tend to be the year before an election, with the second-best year usually the election year. The weakest stock market results occur in the first two years of a presidential term.*

WILL THIS YEAR BE DIFFERENT?

The current election year is unprecedented. Democrat Barack Obama is the first African American to win the nomination of a major political party, after a hard-fought campaign against the first female candidate, Hillary Clinton. The Republican nominee is John McCain; it's the first election since 1952 where neither an incumbent president nor vice president is running.

The subprime mortgage mess has had greater consequences than most people thought possible, causing a credit crunch and leading to the failure of some banks and investment companies. Record-setting gas prices are putting the squeeze on consumers and businesses. Inflation is inching up, as well as unemployment rates. In addition, the nation faces the continuing struggles in Iraq and

Resources

Alliance Credit Union
Investment Advisors

Jerry Taylor, CLU®, in California
408-979-2478

Jay Stewart, CFP®, in North Carolina
910-793-2232

Visit the Investment page on our Web site for more information.

Afghanistan. This election year may not stack up like any in recent memory.

WHY DO ELECTIONS AFFECT THE MARKET?

Uncertainty over who will win, especially if there isn't an incumbent in the race, may cause unease in the markets. Individuals don't like uncertainty, and some may be tempted to flee to conservative investments.

Voters may also "vote with their pocketbooks," turning to a candidate they believe may help improve the economy with lower taxes and lower government spending. On the flip side, particularly in a year when the economy is already going badly, they may prefer a candidate who wants the government to take a larger role and increase spending to spur the economy. Which way the polls are going may sway certain investors to either flee the market or buy up stocks.

YOUR PERSONAL OUTLOOK

Regardless of election year promises or election results, your best strategy is to invest based on your personal goals, timeline and risk tolerance. A CFS** Investment Advisor at Alliance Credit Union can help you review your portfolio and explore strategies that are appropriate to your situation.

* Source: "Election Years and the Stock Market," Charles Schwab.

** 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).

Election Year Stock Market Returns Since 1964

Year	Winner	Party	Percent Return
2004	George W. Bush	Republican	+10.9
2000	George W. Bush	Republican	-9.1
1996	Bill Clinton	Democrat	+23.1
1992	Bill Clinton	Democrat	+7.7
1988	George H.W. Bush	Republican	+16.8
1984	Ronald Reagan	Republican	+6.3
1980	Ronald Reagan	Republican	+32.4
1976	Jimmy Carter	Democrat	+23.8
1972	Richard Nixon	Republican	+19.0
1968	Richard Nixon	Republican	+11.1
1964	Lyndon Johnson	Democrat	+16.5

Source: "2008 Ibbotson® Stocks, Bonds, Bills, and Inflation® Classic Yearbook," Morningstar, Inc. As measured by large company stocks (represented by the Standard & Poor's 500) total returns, including reinvested dividends. Past performance is not an indication of future results.

Strategies for Stretching Your Budget

With prices rising, it pays to tighten the purse strings.

Most household budgets have been taking a hit these days as consumers watch the price of food, gas and other necessities soar. The price of staples like bread and eggs has risen 16% and 35% respectively, according to the Bureau of Labor Statistics. And the cost of gas has increased nearly 20% since last year, according to AAA.

The following tips may help you and your family stretch your budget during a slow economy.

AT THE GROCERY STORE

- **Buy in bulk.** If your home has plenty of storage space, consider buying food and household products in bulk from a food co-op or warehouse store. Just

- be sure to compare unit prices so you know you're getting a good deal.
- **Avoid processed foods.** The cost of fresh, individual ingredients is much less than buying prepared foods. Plus, your family will benefit from more nutritious meals.
- **Plan ahead.** Shopping from a grocery list with pre-planned meals in mind will keep you from buying items you don't need. Consider preparing double batches and freezing the leftovers for nights you don't want to cook.

AROUND TOWN

- **Carpool to work** with co-workers or friends if you're on the same route. Carpooling with other parents to school or sporting events not only saves money, but helps with scheduling conflicts, too.
- **Leave your car in the garage.** If public transportation is available to you, consider using it whenever possible. Biking to work is another money-saving alternative, not to mention a great way to get in shape.
- **Combine all your errands on one trip** or on your way home from work. By making multiple stops with an engine that is already warm, you'll use less gas.
- **Encourage your kids to walk or bike** to their friends' homes if a safe route is available and it's not too far from your home. They'll have fun and get a little exercise, too.
- **Shop for a more efficient vehicle.** If it's time to get rid of your gas guzzler, we can help with an affordable auto loan. Alliance Credit Union auto loans

offer low rates and flexible terms to fit your budget and save you money. Visit www.alliancecreditunion.org to learn more or start your auto loan application.

AT HOME

- **Practice energy-saving habits.** Keep your thermostat set low in the winter and high in the summer. Switch to compact fluorescent light (CFL) bulbs. Run your dishwasher and washing machine only when they're fully loaded. You'll be helping the environment while improving your bottom line.
- **Fit your home to your family.** Whether your family is growing and you could use more space, or you're becoming an empty nester, the real estate market's current climate of low mortgage interest rates and reduced home prices make it a good time to look for housing that fits your family. Talk to a mortgage specialist today by calling **800-232-8669**.

CONTINUE SAVING FOR A SECURE FUTURE

It's important to your family's financial outlook to keep saving – even during tough economic times. Consider setting aside the money you save by using these helpful tips in a savings account at Alliance Credit Union. We make it easy with automatic transfer from one Alliance Credit Union account to another, or even from other financial institution accounts. We can assist you in determining a transfer amount that works with your budget. Let us help you put your savings on autopilot today.

Resources

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



Charge Wisely in Uncertain Times

With wallets pinched by rising prices and growing unemployment, more and more consumers are turning to their credit cards to cover expenses. Credit card activity swelled at an annual rate of 7% in May, according to The Federal Reserve, bringing the nation's total revolving credit debt to \$961 billion.

It's easy to see why Americans love their credit cards: they are safe and convenient to use. But they can also lead to unwieldy debt and a poor credit rating if used irresponsibly. The following tips can help you manage your credit wisely and make the most of your plastic.

Pay bills on time and in full. Charge only what you can afford to pay off each month. This will help you build a strong

credit history and avoid late fees and extra interest.

Use credit discriminately. Using a credit card to buy big-ticket items and shop online helps protect you if the merchandise is damaged or defective, thanks to the Fair Credit Billing Act. But charging small, everyday expenses can add up quickly and make debt hard to manage.

Keep good records. Tally what you charge each month, or use online banking to check your balance regularly.

Seek help if you're in over your head. Acknowledging debt and seeking help are essential steps in managing it. As an Alliance Credit Union member, you have free access to the BALANCESM Financial

Fitness Program and its debt and money management counseling. To speak with a counselor, call **888-456-2227**.

One simple, easy-to-understand credit card may be all you need to reap the benefits of credit and avoid the dangers. With the Alliance Visa[®] card, there's no worry about hidden fees, skyrocketing rates or universal default. Plus, you'll always have access to member support. Unlike credit card companies who've had to raise rates and lower credit limits due to the credit crisis, we continue to offer no annual fee and a low, fixed APR,* as well as credit lines up to \$25,000. To learn more about the Alliance Visa card or to apply, visit www.alliancecreditunion.org or stop by your nearest financial center.

* APR = annual percentage rate. Subject to credit approval.

Utilice Su Crédito Inteligentemente

Con la billetera oprimida por los precios al alza y un creciente desempleo, más y más consumidores recurren a las tarjetas de crédito para cubrir los gastos. Según la Reserva Federal, las transacciones con tarjetas de crédito aumentaron a un ritmo anual de 7% en mayo, elevando la deuda de crédito revolvente total de la nación a \$961 mil millones.

Es fácil ver por qué a los estadounidenses les encantan las tarjetas de crédito: son seguras y fáciles de usar. Pero también pueden conducirlos a una deuda difícil de controlar y a un mal historial crediticio si se utilizan de manera irresponsable. Los siguientes consejos pueden ayudarle a administrar su crédito de forma inteligente y aprovechar mejor su dinero plástico.

Pague las facturas a tiempo y en su totalidad. No cargue en su tarjeta más de lo que pueda permitirse pagar mensualmente. Le ayudará a construir un historial de crédito sólido y evitará cargos por pagos atrasados e intereses extras.

Utilice su crédito prudentemente. Utilizar una tarjeta de crédito para adquirir artículos costosos y hacer compras en línea le ayuda a protegerse en caso de que la mercancía esté dañada o defectuosa, gracias a la Ley de Facturación de Crédito Justa (Fair Credit Billing Act). Los cargos en compras pequeñas y gastos diariamente se acumulan rápidamente y hacen que la deuda sea difícil de administrar.

Lleve un buen registro. Lleve la cuenta de los cargos mensuales de manera, o utilice los servicios bancarios en línea para verificar su saldo periódicamente.

Busque ayude si se encuentra por encima de su capacidad. Admitir que está endeudado y buscar ayuda, son pasos vitales para poder controlar las deudas. Como miembro de Alliance Credit Union, usted tiene acceso gratuito al programa de bienestar financiero BALANCESM y su asesoría en administración financiera y de

deudas. Para hablar con un asesor, llame al **888-456-2227**.

Una tarjeta de crédito fácil de entender y sencilla puede ser todo lo que necesita para cosechar los beneficios que ofrece el crédito y evitar los peligros. Con la tarjeta Alliance Visa[®] no hay que preocuparse sobre cargos ocultos, tasas exorbitantes o el impago universal. Además usted tendrá acceso al servicio de atención al cliente siempre. A diferencia de las compañías de tarjetas de crédito que han tenido que incrementar las tasas y reducir el límite de los créditos debido a la crisis crediticia, nosotros seguimos ofreciendo beneficios como ningún cargo anual y una baja APR* fija, así como líneas de crédito de hasta \$25,000. Para mayor información sobre la tarjeta Alliance Visa o presentar una solicitud, visite www.alliancecreditunion.org o nuestro centro financiero más cercano.

* APR = tasa de interés anual. Sujeta a la aprobación del crédito.

From the President



Eileen Lewis
President/CEO
Alliance Credit Union

We know the past few years of a booming housing market allowed many to get into the house of their dreams. That's the good news. The flip side of that is there were many people who got into mortgage loans they really couldn't afford, and we now find ourselves in what's being called a "mortgage meltdown."

You may think it's impossible to get a great deal on a mortgage in today's world – but not if you're an Alliance Credit Union member. We understand credit has tightened and it can be a challenge for qualified borrowers to get funding. However, we have money to lend for first mortgages and would love to get the conversation started.

We also enjoy helping you make smart financial decisions that get you closer to your goal. And one of your goals may be to own a home. That's why we offer a choice of first mortgages – available at competitive fixed or adjustable rates to fit your individual situation. You can trust us to get you into the right product for your budget – we will NEVER put you into a loan you can't afford.

DID YOU KNOW?

Alliance Credit Union is doing its part to help fight breast cancer and give hope to survivors by participating in the American Cancer Society's Making Strides Against Breast Cancer walk. For the fifth consecutive year in San Jose, Calif., and for the first time in Wilmington, N.C., employees are raising money to support the American Cancer Society's research and prevention, early detection and support programs for thousands of patients and their families. We're proud to be making a difference and contributing to a lifesaving cause with our fundraising efforts and participation in the 3- to 5-mile walks.

Talk to us today about your dream home and we'll help turn that dream into a reality.

While we help individual members, we also helped our communities this past summer. Alliance Credit Union raised more than \$2,200 for the San Jose-based charity, TurningWheels for Kids (TWFK). To kick off fundraising efforts, Alliance held a public raffle at all California financial centers for a brand new women's bike. Members and non-members alike participated in the raffle by purchasing tickets for \$1. All proceeds went to TWFK. To learn more about this charity, visit www.turningwheelsforkids.org.

Alliance Credit Union was honored to coordinate the 2008 fundraiser for the San Jose Firefighters Burn Foundation sponsored by the California Credit Union League – Santa Clara Valley Chapter. The 10th Annual Benefit Golf Classic proved to be one of the most successful thus far. More than 70 people came out to play a round of golf at Los Lagos Golf Course to support the Foundation on July 9. Thirteen businesses and organizations sponsored holes on the course, and five holes gave players a chance to win a new car with a hole-in-one.

Alliance would like to thank everyone who contributed to a fantastic day. Together we made a significant donation to the San Jose Firefighters Burn Foundation and helped improve the quality of life for local burn survivors.

Resources

CALENDAR*

EVENT:	Fall Festival
DATE:	Oct. 4 11 a.m. to 2 p.m.
LOCATION:	Myrtle Grove Financial Center Myrtle Grove, NC
SEMINAR:	Home Buying Seminar
DATE:	Oct. 9 6 p.m.
LOCATION:	Fremont Financial Center Fremont, CA
SEMINAR:	Home Buying Seminar
DATE:	Oct. 28 6 p.m.
LOCATION:	Santa Clara Financial Center Santa Clara, CA
EVENT:	Columbus Day All financial centers closed
DATE:	Oct. 13
EVENT:	International Credit Union Day
DATE:	Oct. 16
EVENT:	Making Strides Breast Cancer Walk
DATE:	Oct. 25 Registration starts at 8 a.m.
LOCATION:	Arena Green/HP Pavilion San Jose, CA
SEMINAR:	Score Enhancement Seminar
DATE:	Nov. 4 6:30 p.m.
LOCATION:	Myrtle Grove Financial Center Myrtle Grove, NC
EVENT:	Veterans Day All financial centers closed
DATE:	Nov. 11
EVENT:	Thanksgiving Day All financial centers closed
DATE:	Nov. 27
EVENT:	Christmas Day All financial centers closed
DATE:	Dec. 25

* 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
--	--	---

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

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
