



Smart Living



Resolve to Improve Your Financial Fitness

You can do it!

It's January – have you made a resolution to hit the gym and work off some holiday treats? Getting in shape is a great goal after the holiday season! But you may want to break a mental sweat, too. Now's an ideal time to think about the future and condition your finances to be at the top of their game.

RUN THE NUMBERS

The following exercises can put you on the path to optimal financial fitness.

- **Develop a budget.** A budget doesn't have to be limiting – it can actually be freeing to know how much you have to spend each month. List your monthly income as well as your regular expenses. From there you can determine amounts for saving and spending. Check out our budgeting seminars listed on the back page for additional guidance.
- **Strengthen your savings.** The best way to build your savings is to pay yourself automatically. You can allocate a certain amount of your paycheck to be directly deposited to

your Alliance Credit Union savings account. Or you can set up an automatic transfer from checking to savings each month. These techniques can also work for other accounts, such as an individual retirement share account.

- **Lighten your debt load.** Refinancing a high-interest-rate loan from another financial institution with Alliance may help you lower your monthly payment and/or save money over the long term. Consolidating debt into one loan (such as an Alliance personal loan, Visa® card or home equity loan) with one payment can also make paying down debt easier.

continued on page 2

WWW.ALLIANCECREDITUNION.ORG

P.O. Box 18460 San Jose, CA 95158-8460 | 800.232.8669

Also inside

2009 IRA
Tax Savings

Health Care Reform
and You

From the President:
New Law Protects
Credit Card Holders



Official Credit
Union of the
San Jose Giants.

Take Advantage of 2009 IRA Tax Savings

Build retirement savings on a tax-favored basis.



An IRA is a smart way to save for retirement because the tax advantages help your savings grow faster. And now is a great time to get started: If you act before April 15, 2010, you can contribute to a traditional or Roth IRA for the 2009 tax year.* With a traditional IRA, your account earnings grow tax-deferred until you withdraw them in retirement.** You may even be able to deduct contributions to a traditional IRA on your income tax return, lowering your current tax bill.***

With a Roth IRA, contributions are not deductible, but withdrawals may be tax-free if you make them after age 59½ and have held the account five years or longer.†

Contribution limits for 2009 and 2010 for either IRA, or a combination of the two, are \$5,000 or earned income, whichever is less. If you're 50 or older, you can make an additional catch-up contribution of \$1,000. To contribute to an IRA, you must either have earned income or be married to someone who earns income and file a joint tax return.

NEW FOR 2010

Beginning in 2010, there's a new wrinkle in IRAs that will appeal to a select group of savers: Anyone will be able to convert their traditional IRA to a Roth IRA. Prior to 2010, taxpayers with modified adjusted gross incomes above \$100,000 and married taxpayers filing separately

could not convert from a traditional to a Roth IRA. Effective Jan. 1, the law has changed. Ordinary income taxes will be due on the amount of the conversion. But if you make the conversion in 2010, you have two options: 1) include the conversion on your 2010 tax return or 2) split it equally between your 2011 and 2012 tax returns.

GET THE ALLIANCE ADVANTAGE

At Alliance Credit Union, you can open an IRA Share Account or an IRA Share Certificate. Both accounts feature competitive rates, no annual maintenance fee and insurance up to \$500,000. The NCUA, a federal agency, insures your IRA up to \$250,000, separate from other accounts you may have at Alliance. In addition, ASI, the nation's largest private insurer, insures your IRA for an additional \$250,000.

Resources

Alliance Credit Union
www.alliancecreditunion.org
408.445.3386 in San Jose
800.232.8669 Nationwide

Internal Revenue Service
www.irs.gov

The sooner you start saving in an Alliance IRA, the longer your account may benefit from tax-advantaged compounding. Get started now! Visit the IRA Service Center at www.alliancecreditunion.org or call 800.232.8669 to open or contribute to a traditional or Roth IRA or to get your questions answered.

* You can make contributions for the 2010 tax year from Jan. 1, 2010, to April 15, 2011.

** Taxes are due at ordinary income tax rates upon withdrawal. Premature withdrawals are subject to a 10% penalty.

*** Deductibility depends on whether you or your spouse participates in an employer-sponsored retirement plan and, if so, your income. See your tax advisor for details.

† Nonqualified withdrawals are subject to ordinary income tax plus a 10% penalty.

This financial institution does not give tax advice. Consult your tax advisor for information specific to your situation.

Your Financial Fitness *continued*

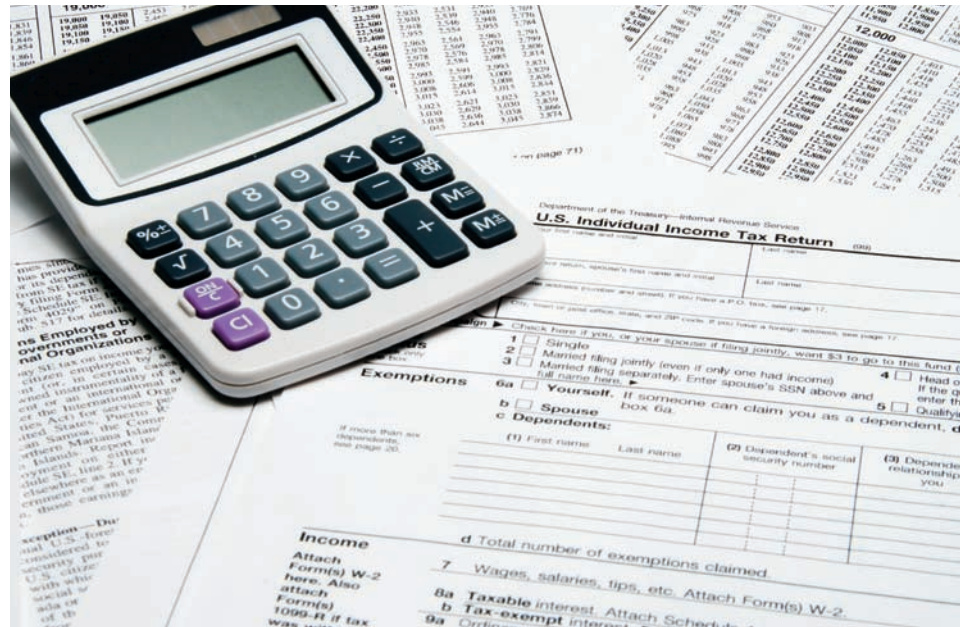
- **Chart your progress.** FinanceWorks™ is a free budgeting tool available to all Alliance CU members through Online Banking at www.alliancecreditunion.org. It's powered by Quicken® and provides an easy way to manage bills, track expenses and see your complete financial picture all in one convenient place. It can even help you stick to your spending plan. You may set budget amounts for any type of spending category, as well as sign up for alerts when you near the limit.

WE'RE HERE TO HELP

As with any new exercise routine, it can take time to see results. But incorporating healthy habits for your finances is a smart move to make now and throughout the year. If you need some coaching, don't hesitate to contact a Member Relationship Manager at Alliance. Call 800.232.8669 to learn about the many ways we can help you shape up your finances and go for your goals!

Organize Your Records and Save on Taxes

Make tax filing quicker and easier this year.



According to the Government Accountability Office, an estimated 2 million taxpayers each year overpay their taxes by failing to take all the deductions they're entitled to.* If your tax records are disorganized, you could be missing out on ways to save on your tax bill.

In addition to helping you save money, getting your records organized can make tax filing quicker and easier. Just follow these steps:

Step 1. Label three folders. Can't be easier, right? Just label one folder "income," one "investments" and another "expenses and deductions."

Step 2. Start sorting. Go through your pile of receipts and documents. Put everything that shows earnings (W-2 forms from your employer, dividend and interest statements from deposit accounts, tip statements, etc.) into your income folder.

Investment statements showing interest, dividends and investment purchases and sales, as well as information about capital gains and losses, should go in the investments folder.

Put receipts for charitable donations, unreimbursed medical expenses, mortgage interest statements, property tax statements and any other deductible expenses in your expenses and deductions folder. Not sure if it's deductible? Visit www.irs.gov and search for Tax Topic 500 for more information on deductible expenses.**

If you work from home, you may be eligible to deduct home office expenses. In that case, include copies of utility, phone and Internet service provider bills, as well as household repair bills and rent or mortgage payments. To learn more, download Publication 587, Business Use of Your Home, at www.irs.gov**

Tip: If you place receipts and documents in their corresponding folders as you receive them throughout the year, rather than waiting until tax season, you'll save time.

Step 3. Compile any other information you will need to file your return, including your Social Security number; account number(s) for directly depositing your refund, if any, your previous year's tax return and your password if you are using online tax preparation software.

E-FILE FOR QUICKER REFUNDS

Once you have your information compiled, e-filing can help you complete your return, avoid common errors and get your refund faster, especially if you choose direct deposit. To learn more and find out if you are eligible for free e-filing, visit www.irs.gov/efile**

* Source: Government Accountability Office, www.gao.gov.

** Web site provided for information only. No endorsement is implied.

Speed Up Your Refund with Direct Deposit

According to the IRS, taxpayers who use e-filing and direct deposit may receive their refunds as quickly as 10 days after filing. You can choose to have your refund directed to a maximum of three financial accounts. For direct deposit to your Alliance accounts, please provide our routing number, 321176804, and your account numbers.

To Your Credit

New Law Protects Credit Card Holders

Credit cards are now an even better deal for consumers.

In spring 2009, President Obama signed the Credit Card Accountability, Responsibility and Disclosure (Credit CARD) Act. The Act is designed to protect credit card holders by making communications from credit card companies more transparent. Changes will be rolled out in three stages.

Some of the protections in effect since August include:

- Card issuers must notify card holders 45 days before changing terms of the card.
- Card companies must mail statements at least 21 days before a payment is due.

Beginning Feb. 22, 2010, changes will include:

- The same payment due date each month, or the next business day if the date falls on a weekend or holiday.
- Payments that exceed the minimum will be credited to balances with the highest interest rates first.

- Co-signers will be required for individuals age 21 or younger.
- Over-credit-limit fees are prohibited unless consumers agree to allow transactions instead of having them denied.
- Increase to rates and fees allowed only under limited circumstances.

Starting Aug. 22, 2010, card issuers must periodically review the factors that led to an increase in the annual percentage rate, if they impose one, and reduce it if indicated by the review.

ALLIANCE CREDIT UNION VISA® CREDIT CARD

The CARD Act is generally good news for card holders. But Alliance has always had our card holders' best interests at heart. Unlike many bank cards, Alliance Visa has been a model of consistency: low interest rates; no confusing due dates; no cash advance, balance transfer or annual fees; no penalty rate for late payments; and much more.

THE SMART CHOICE

Banks aren't happy about the new card restrictions, and they have already raised rates and fees to compensate. So if you want a simple credit card that doesn't require a law degree to understand, look no further than Alliance Credit Union. To open your Alliance Visa account today, stop by your nearest financial center or apply online at www.alliancecreditunion.org.

CALENDAR *

- EVENT: Martin Luther King Jr. Day, all financial centers closed
DATE: Jan. 18
- EVENT: IRA Basics Seminar
DATE: Jan. 20, 5:30 p.m.
LOCATION: Racine Financial Center
Wilmington, NC
- EVENT: Roth IRA Conversion Seminar
DATES: Feb. 2 and 25, 6:15 p.m.
LOCATION: Curtner Financial Center
San Jose, CA
Racine Financial Center
Wilmington, NC
- EVENT: Budget Seminar
DATE: Feb. 3, 5:30 p.m.
LOCATION: Myrtle Grove Financial Center
Wilmington, NC
- EVENT: Score Enhancement Seminar
DATE: Feb. 4, 6 p.m.
LOCATION: Fremont Financial Center
Fremont, CA
- EVENT: President's Day, all financial centers closed
DATE: Feb. 15
- EVENT: Budget Seminar
DATE: March 10, 5:30 p.m.
LOCATION: Glen Meade Financial Center
Wilmington, NC
- EVENT: IRA Basics Seminar
DATE: March 16, 6 p.m.
LOCATION: Curtner Financial Center
San Jose, CA
- EVENT: Rose Ratka Scholarship Application Deadline
DATE: March 31
All applications must be post-marked by this date or submitted to a financial center by the end of the business day.

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

DID YOU KNOW?



Alliance Credit Union is on Facebook! Become a fan today to learn more about what's happening at the credit union, from upcoming events and seminars to updates on the work we're doing in the community and our latest promotions. We even post articles that can help you make the most of your finances – like a great Q&A about the new California income tax. Visit our page (just type Alliance Credit Union in the Search box) and you could even win a gift card if you participate in one of our frequent trivia contests. It pays to visit often!

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	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
---	--	---	--