



ALLIANCE  
CREDIT UNION

Don't Let the Economy Weigh You Down WINTER 2008 - 2009

*Personal. Banking.*

# Smart Living



También interior:  
*¿Lo están enfermado las deudas?*

## A Bright Spot in a Tough Economy

*Alliance Credit Union is here for you.*

U.S. consumer confidence fell to an all-time low in October 2008. Home prices continued to decline. Unemployment was at its highest level in five years, and the stock market experienced one of its worst months ever, before rebounding partway at month's end. How did we get here?

### A LOOK BACK

The economy's woes have their roots in the swift increase in housing prices at the beginning of this decade. To keep homeownership accessible to consumers, lenders relaxed their guidelines, often giving borrowers' qualifications only a cursory review. Consumers with weak (subprime) credit were offered "exotic" loans with adjustable rates, interest-only periods and balloon payments.

Then, interest rates soared, and many borrowers were unable to make the higher payments. Housing prices started to flatten, too, exacerbating the situation. Many who tried to sell or refinance their homes to escape the escalating payments found that they owed more than the home was worth in the depressed market. Foreclosures started to skyrocket.

### RIPPLE EFFECTS

The defaulted loans began affecting the whole economy because the lenders shared the risk of subprime mortgages on Wall Street. Mortgage-backed securities, created by bundling together thousands of mortgages into a series of bonds, lured

*continued on page 2*

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

## Also inside

**Take Control of Your Money with a Financial Plan**  
Steps you can take now to improve your financial position once the economy perks up.

**Credit Unions: The Better Way to Bank**  
We have remained strong in tough times due to wise lending practices and our focus on you and your well-being.

**It's Still a Good Time to Buy a Home**  
For a potential homebuyer with a strong credit rating and savings for a down payment, right now is a very good time to buy a home.

# A Bright Spot in a Tough Economy continued

investors from around the world who wanted to cash in on the U.S. housing boom. But when homeowners began to default on their mortgages en masse, the bond issuers couldn't cover the interest payments and the bonds lost value.

Falling housing prices, rising defaults on mortgages and steep declines in the value of risky securities tied to home loans caused huge losses for some (not all!) companies in the financial services

sector. The result was that these institutions grew increasingly reluctant to lend money to each other – or anyone else. So the amount of credit available to individuals and businesses shrunk dramatically.

Credit is vital to economic growth. Companies rely on credit to pay their employees, purchase inventory and operate their businesses. Unavailable or unaffordable credit slows business

activity. That results in more layoffs and increased unemployment, and consumer confidence suffers.

## RECOVERY AHEAD?

The federal government has taken numerous steps to get the economy back on track. It took control of mortgage giants Fannie Mae and Freddie Mac and bailed out other firms that were teetering on the edge of bankruptcy. It worked with governments and central banks in other countries to lower interest rates and restore confidence in the credit markets. And most recently, under the \$700 billion Emergency Economic Stabilization Act of 2008, the government devised a plan to provide guarantees and inject capital to strengthen the balance sheets of troubled financial institutions.

Some of these steps are already having the desired effect, and conditions are improving.

## ALLIANCE: ROCK-STEADY THROUGHOUT

Our conservative, responsible approach to lending makes Alliance Credit Union a safe place to save and borrow money. We continue our commitment to creating relationships that improve the financial well-being of our members and the communities we serve, and we have the resources to back up that pledge in good times and bad.

For even greater peace of mind, NCUA insurance for your savings is now better than ever. As part of the financial rescue package, the NCUA coverage limit increased from \$100,000 to \$250,000 for all deposit accounts until the end of 2009.\* See chart to learn more.

Alliance Credit Union is here for you whenever you need us. Find out more at [www.alliancecreditunion.org](http://www.alliancecreditunion.org).

\* After Dec. 31, 2009, the basic insurance limit will return to \$100,000, barring further legislation, and retirement accounts will be separately insured to \$250,000.



## Married Couple Extends Insurance to \$1.5 Million

Individual accounts	NCUA Coverage
Husband . . . . .	\$250,000
Wife . . . . .	\$250,000
<b>Joint accounts</b>	
Husband . . . . .	\$250,000
Wife . . . . .	\$250,000
<b>Trust accounts</b>	
Husband as trustee for wife . . . . .	\$250,000
Wife as trustee for husband . . . . .	\$250,000
<b>Total NCUA coverage . . . . .</b>	<b>\$1,500,000</b>

## Take Control of Your Money with a Financial Plan

*Action today could pay off tomorrow.*

The government has a \$700 billion plan for stabilizing the economy, but how do your financial plans look? Recent sticker shock in the grocery aisles and at the pump may have you shunning senseless spending as you wait for the economy to recover. But while it may be tempting to

sit back and wait for a shift in conditions, there are steps you can take now to help fortify your financial position once the economy perks up.

### FIND YOUR SILVER LINING

Formulating a financial plan can help you move confidently toward financial well-being. A financial plan isn't just an attempt to save more and spend less. It's a personalized strategy for accomplishing your goals. Your plan could include:

**A budget:** Find out where your money is going and then set limits.

**Debt repayment goals:** You need some credit to build a positive credit history, but make sure you're not paying more fees and interest than principal on any

debt. Current low rates make now a great time to consolidate debt for easier repayment. See an Alliance Credit Union Member Relationship Manager about whether a home equity, Visa® card or Signature loan may be able to help you get a handle on your debt.

**Loan refinancing:** If you have a high interest rate loan with another financial institution, we may be able to help reduce the monthly payment. We offer competitive rates, flexible terms to fit your budget and circumstances, and insurance protection. Ask about our credit life and disability protection insurance. Try our loan calculators at [www.alliancecreditunion.org](http://www.alliancecreditunion.org).

**Automatic savings:** Directly deposit at least 5% of your pay into a separate account and try to max contributions to your individual retirement account (IRA) or employee 401(k) plan every year.\* One silver lining in the economic slowdown is that Americans are saving more and paying off more debt. The amount of money saved in short-term savings rose 20%, retirement account investments jumped 54%, and the amount of money used to pay down debts rose 6% from August to September of 2008, according to one survey.\*\* With some determination and focus, you can do it, too.

**A second opinion:** Alliance CU is here to help you work out a strategy for surviving the setbacks of the current economy. Call **800-232-8669** to schedule an appointment with a Member Relationship Manager.

\* You can contribute up to \$5,000 to any combination of traditional and Roth IRAs through April 15, 2009, for the 2008 tax year. If you're age 50 or older, you may make an additional \$1,000 "catch-up" contribution.  
\*\* Source: "Consumers respond to market turmoil," First Command Financial Services, Oct. 28, 2008.

Call **800-232-8669** for information on direct deposit, IRAs and objective financial counseling services including the BALANCE<sup>SM</sup> program, which offers educational tools designed to assist you in mastering your money.

### Simple Steps to Stockpile Savings

Small savings here and there can add up. Each month, you can save:

- \$15 – Scrounge 50 cents a day from your pockets, purses and couch cushions.
- \$20 – Go to the library – instead of the book store – once a month.
- \$25 – Set up automatic payment to avoid a credit card late fee.
- \$60 – Drink coffee instead of cappuccino; save about \$3 daily.
- \$100 – Brown-bag your lunch; save about \$5 each day.

### Resources

Alliance Credit Union  
[www.alliancecreditunion.org](http://www.alliancecreditunion.org)  
**408-445-3386** in San Jose  
**800-232-8669** Nationwide

# Making Cents

## Credit Unions: The Better Way to Bank

*Rediscover the many advantages  
of membership.*

Credit Unions have remained true to their missions as member-owned financial cooperatives and have maintained wise lending practices. Credit unions are making headlines for providing a better value when it comes to choosing a financial institution.

### MAKING HEADLINES

In August, *The Wall Street Journal* reported that credit unions rarely “waste money on expensive marketing and advertising campaigns, takeovers, huge executive bonuses and the kind of costly ‘growth’ initiatives that CEOs chase to give their stock options on Wall Street the needed juice.” In October, *Bankrate.com* reported that some banks are increasing certain fees to all-time highs and “Good Morning America” reminded viewers that credit unions are “an option for those trying to avoid high bank fees.”

The benefits of credit union membership may not be news to you. After all, Alliance Credit Union has worked to improve the financial well-being of our members and the communities we serve for more than 50 years. Still, whether credit union membership is new to you or you’ve been a member for decades, it’s easy to underestimate all the advantages credit union membership provides.

### NEWS FLASH: WE’RE HERE TO HELP

At Alliance Credit Union, we work hard to help you reach your financial goals, whether that means saving for retirement, paying for college, getting a handle on debt or buying a home. Alliance



Credit Union offers personalized solutions to your financial needs, combined with a variety of education programs to help you take charge.

Our strength and security also enables us to offer you an extra \$250,000 of share insurance coverage from American Share Insurance (ASI), totaling \$500,000 for savings accounts and \$500,000 for retirement accounts. All at no cost to you. Banks do not provide this level of protection. Our approval for the program is a testament to our safety and soundness, as ASI selects only top-performing credit unions for its program. ASI promotes continued strength and security through comprehensive monitoring and on-site examinations of all its insured credit unions.

In light of big bank mergers, many consumers think that it is impossible to find excellent service at a financial institution, but this is not true. Simply put, member satisfaction continues to be one of Alliance Credit Union’s top priorities. And, because credit union membership lasts a lifetime, even if you change jobs

## Resources

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or move away, you can still reap the rewards of your credit union membership. Our sophisticated tools such as Personal FinanceWorks, a self-budgeting tool that was recently added to our online banking, phone banking, shared branches and more allow you to handle your finances wherever you go, at any time.

### ON AND OFF THE RECORD

Immediate family members and members of your household are eligible for credit union membership. If you know someone who could benefit from credit union membership, invite them to check us out. Encourage them to stop by, call **800-232-8669** or visit us online at [www.alliancecreditunion.org](http://www.alliancecreditunion.org) for more information.

## Invest in Your Field of Dreams Through Hard Times

*Go the distance, with help from Alliance.*

A baseball field stands in the middle of an Iowa cornfield because someone decided to go the distance. You may remember from the movie that the Field of Dreams is the product of proper planning and commitment over the long term – even when the going got rough.

You invest in your field of dreams every time you contribute to your 401(k), individual retirement account (IRA), the securities markets or other assets. And in this tight economy, continuing to do so won't happen unless you, too, decide to go the distance. To stop investing now – believing you can't spare the money – would be like plowing under that baseball field in Iowa before Shoeless Joe touched the outfield.

### **DIVERSIFY YOUR LINE-UP**

You can continue investing in your field of dreams without losing the farm. In fact, this is the kind of economy a diversified portfolio was made to handle.\*

A balanced portfolio includes a variety of asset classes, such as equities (stocks), fixed-income investments (bonds) and cash equivalents. Beyond that, your portfolio is diversified if it

includes a mix of funds within the asset classes – both large- and small-company stocks, both fast-growing and household-name companies, both domestic and international stocks, etc. Diversification is a hall-of-fame strategy because, in any market, certain types of investments are advancing to first base while others are striking out. And next season, once-homerun funds may head down to the minor leagues while strikeout-king funds become the new batting champs. When you invest in a variety of funds over the long term, you should be able to maintain a decent batting average.

### **KEEP YOUR EYE ON THE BALL**

Market volatility and fund statements that report short-term losses make some investors question their investment strategies. Others panic when they realize they don't have a strategy at all. Investors on either of these teams may find relief with a strategy called dollar-cost averaging.\*\*

It means that you invest the same amount at regular intervals. Dollar-cost averaging can help you keep your eye on the ball – and continue investing in falling funds when you might rather

## 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.

put them on the disabled list until their prices rise. Remember, when you buy low, you get more shares. And over time, that may pay off. The good news is that if you contribute to a 401(k) or other similar plan, you already are using the dollar-cost averaging strategy.

### **YOUR FIELD OF DREAMS AWAITS**

Alliance Credit Union has a solid coaching staff that can help both rookie investors and market veterans alike. No investment topics are out of bounds with our CFS\*\*\* Investment Advisors. Just call **800-232-8669** or visit [www.alliancecreditunion.org](http://www.alliancecreditunion.org) today to schedule a complimentary consultation.

\* Diversification cannot guarantee a profit or protect against loss in a declining market.  
\*\* Dollar-cost averaging cannot guarantee a profit nor protect against a loss. You should consider your ability to continue investing in a declining market.

\*\*\* 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).



# Home Wealth



## Why It's Still a Good Time to Buy a Home

*The American dream remains an attainable goal.*

*"Oh, Auntie Em, there's no place like home. There's no place like home."*

Dorothy's insight upon waking up in her very own bed in her family's Kansas farmhouse often stirs fond memories of home. Homeownership has symbolized stability and independence for hard-working families for decades.

Today, amid much financial uncertainty, the American dream of homeownership still remains a worthwhile – and attainable – goal. For a potential homebuyer with a strong credit rating and savings for a down payment, right now is a very good time to buy a home.

### TURNING DREAMS INTO REALITY

The key to successful home buying in today's market is to approach it from

a financially realistic point of view. A higher down payment is now the rule (not the exception), and income and credit requirements are stricter compared to just a year or two ago. These are both prudent steps to help protect consumers and lenders.

But if you have a healthy credit rating and a secure job, and have savings to cover a down payment and closing costs, current low interest rates and reduced home prices make homeownership an affordable and smart move. Mortgage interest rates keep dropping to near-record lows, enabling you to lock in a payment that may fit your budget.

At Alliance Credit Union, we have the money to lend. We're helping our members benefit from the current interest-rate environment to reach

their goals of homeownership. We offer a full array of mortgages – available with a choice of competitive fixed or adjustable rates to fit your individual circumstances.

### OWNING A HOME MAKES \$ENSE

All the financial reasons for owning a home are still sound. As you repay your mortgage, you are building equity in your home rather than paying someone else rent – money you'll never recoup. Home equity can become an advantageous source of borrowing power for your family down the road.

And because the U.S. government recognizes homeowners as strong community members, it rewards homeowners with a variety of tax breaks. You may be able to deduct mortgage interest and real estate taxes on your income tax returns.\*

### PAVING THE WAY TO YOUR NEW HOME

Getting pre-approved at Alliance Credit Union helps put you on the yellow-brick road to a home that fits your financial circumstances. One of our Mortgage Representatives will explain your loan options and help you choose one that best meets your needs. Learn more at [www.alliancecreditunion.org](http://www.alliancecreditunion.org) or call **800-232-8669**.

\* Check with your tax advisor for deductibility in your situation.

## Resources

Alliance Credit Union  
[www.alliancecreditunion.org](http://www.alliancecreditunion.org)  
**408-445-3386** in San Jose  
**800-232-8669** Nationwide

At Alliance Credit Union, we have money to lend. Today. We work with you to find the home of your dreams.

# To Your Credit

## Is Your Debt Making You Sick?

*Take charge of your debt load!*

When your monthly bills come in the mail, does your stomach hurt or your head ache? A recent Associated Press-AOL Health poll showed that high levels of debt can be linked to health complaints such as migraines, anxiety, insomnia, depression and muscle tension. Your debt might literally be making you sick.

### GAIN CONTROL

If financial worries are stressing you out, you're in good company. Many Americans are concerned about the state of the economy. But by taking charge of your

debt load you can reduce your stress and enjoy more financial freedom. Try these proactive steps:

**Create a budget.** Track your expenses for a month or two to see what you're really spending, and you might just be surprised at how many places there are to cut back.

**Contact your creditors** if you are falling behind on your payments. You might be able to get reduced interest rates or terms, and letting them know what is going on can keep problems from escalating further.

**Learn more.** Learning about budgeting can go a long way toward a healthy financial future. Alliance Credit Union will host two budgeting seminars in January. Visit [www.alliancecreditunion.org](http://www.alliancecreditunion.org) for more information.

**Seek expert help.** Our free BALANCE™ Financial Fitness program offers financial counseling and education. It

can help you get out of debt, create a budget that works, and plan for your financial future. For more information, contact 888-456-2227.

### MANAGE YOUR STRESS

Working out a manageable financial plan can help you reduce your stress. If you're feeling overwhelmed, try some of these stress busters:

- Practice relaxation techniques.
- Get plenty of sleep.
- Exercise. It creates endorphins that can boost your mood.
- Eat a healthy diet full of fruits, vegetables, whole grains and protein.
- Lean on friends and family for support.

### WE'RE HERE TO HELP

Alliance Credit Union is here to help ease your stress and control your debt. Call us at 800-232-8669 or visit [www.alliancecreditunion.org](http://www.alliancecreditunion.org).

## ¿Lo están enfermado las deudas?

*¡Tome el control de su carga de deudas!*

¿Le duele el estómago o la cabeza cuando recibe por correo las facturas mensuales? Una encuesta reciente de la agencia de noticias Associated Press y AOL Health demostró que los niveles altos de deuda pueden estar relacionados con dolencias de salud como las migrañas, la ansiedad, el insomnio, la depresión y la tensión muscular. Su deuda podría literalmente estar enfermándolo.

### TOME EL CONTROL

Si las preocupaciones financieras lo están estresando, no está solo. Muchos estadounidenses están preocupados por la situación económica. Pero al tomar

el control de su carga de deudas usted puede disminuir su estrés y disfrutar de una mayor libertad financiera. Pruebe estos pasos preventivos:

**Haga un presupuesto.** Lleve un control de sus gastos durante uno o dos meses para ver lo que realmente gasta y tal vez le sorprenda cuántos lugares hay en los que recortar.

**Póngase en contacto con sus acreedores** si se está atrasando en sus pagos. Tal vez pueda obtener tasas o plazos de interés reducidos. Además, hacerles saber lo que está pasando puede evitar que los problemas se agraven más.

**Obtenga información.** Aprender sobre cómo crear un presupuesto puede ser beneficioso para tener un futuro financiero sano. Alliance Credit Union será el anfitrión de dos seminarios sobre presupuestación en el mes de enero. Visite [www.alliancecreditunion.org](http://www.alliancecreditunion.org) para obtener más información.

**Solicite ayuda a los expertos.** Nuestro programa de bienestar financiero gratuito BALANCE™ ofrece asesoramiento y educación en finanzas. Le puede ayudar a salir de la deuda, a crear un presupuesto que funcione y a planear su futuro financiero. Para obtener más información, comuníquese al 888-456-2227.

### ESTAMOS AQUÍ PARA AYUDARLO

Alliance Credit Union está aquí para ayudarlo a reducir su estrés y controlar su deuda. Llámenos al 800-232-8669 o visite [www.alliancecreditunion.org](http://www.alliancecreditunion.org). Estamos aquí para ofrecerle una mano amiga.

# Product Spotlight

## Simplify Your Financial Life with FinanceWorks™ Powered by Quicken®

Alliance Credit Union offers a new budgeting tool – FinanceWorks – free to all credit union members. FinanceWorks is powered by Quicken® and provides a secure platform for managing all of your accounts, credit cards and bills.

In today's tough economic times, FinanceWorks is a valuable tool that can help you manage your finances and make the most of your money.

### HOW DOES IT WORK?

FinanceWorks makes it possible to manage accounts across more than 5,000 financial institutions and credit card sites. View checking, savings, loans and credit cards all in one place. Simply log in for a complete financial picture of your income and expenses, payment history and future transactions. Highlights include:

- **Manage bills.** The bill payment feature shows your bills, due dates

### DID YOU KNOW?

If you've recently lost your job or changed employers, you have several options available to you regarding your retirement plan balance. For many individuals, the wisest option is to roll over the account balance into an individual retirement account (IRA). This keeps your money working for you, tax-deferred, until you need to begin taking distributions in retirement.\* You may also be able to take advantage of a wider range of investment options than is typically available in employer-sponsored plans. And you'll enjoy more flexibility in selecting beneficiaries and taking distributions. For more information or to further discuss your options, see a CFS\*\* Investment Advisor at Alliance Credit Union.

\* Withdrawals are taxed at ordinary income tax rates. Distributions prior to age 59 1/2 may be subject to a 10% tax penalty.

\*\* 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).

and amounts. You can set up recurring payments to ensure bills are paid on time every time.

- **Track expenses.** The program charts your expenses in different categories so you can see how much you're spending on food, gas, utilities, etc.
- **Check balances.** FinanceWorks helps you track your RealBalance, an account total that includes not just cleared transactions, but upcoming transactions as well.

### GET STARTED TODAY

FinanceWorks is available within Alliance CU's Online Banking service, at no cost to members. Simply log in and click on the FinanceWorks tab or the "Manage Your Finances" link.

Not yet using Online Banking? Now's the time to try it! For a virtual tour of FinanceWorks, go to [www.alliancecreditunion.org](http://www.alliancecreditunion.org) and click on Services, then FinanceWorks.

## Resources

### CALENDAR\*

- SEMINAR: Score Enhancement Seminar  
DATE: Jan. 20, 6:30 p.m.  
LOCATION: Racine Financial Center  
Wilmington, NC
- SEMINAR: Basic Budgeting Seminar  
DATE: Jan. 21, 6 p.m.  
LOCATION: Curtner Financial Center  
San Jose, CA
- SEMINAR: Basic Budgeting Seminar  
DATE: Jan. 27, 6 p.m.  
LOCATION: Blossom Valley Financial Center  
San Jose, CA
- SEMINAR: Path to Homeownership  
DATE: Feb. 4, 6 p.m.  
LOCATION: Curtner Financial Center  
San Jose, CA
- SEMINAR: Basic Budgeting Seminar  
DATE: Feb. 24, 6:30p.m.  
LOCATION: Myrtle Grove Financial Center  
Wilmington, NC
- SEMINAR: Identity Theft Seminar  
DATE: Feb. 24, 6 p.m.  
LOCATION: Santa Clara Financial Center  
Santa Clara, CA
- SEMINAR: Score Enhancement Seminar  
DATE: March 12, 6 p.m.  
LOCATION: Fremont Financial Center  
Fremont, CA
- SEMINAR: Score Enhancement Seminar  
DATE: March 24, 6:30 p.m.  
LOCATION: Glen Meade Financial Center  
Wilmington, NC
- SEMINAR: Path to Homeownership  
DATE: March 25, 6 p.m.  
LOCATION: Santa Clara Financial Center  
Santa Clara, CA
- EVENT: Rose Ratka Scholarship applications due  
DATE: March 31  
All applications must be postmarked by March 31, 2009
- EVENT: Annual Meeting  
DATE: April 21  
6:30 p.m.  
Watch for future announcements and the meeting location.

\* 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

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