

M Money M Matters

Winter 2004

A Quarterly Publication of ALO Employees Federal Credit Union

Visit Us on the Web at www.aloefcu.org/

Annual Elections and Meeting

Wednesday, February 18, 2004 • 4:00 p.m. to 6:00 p.m.
Coronado Club on Kirtland AFB

All members are invited to vote for the Board of Directors vacancies and attend our annual meeting. Voting will begin and refreshments will be served at

4:00 p.m. The business meeting will begin at 5:00 p.m. The nominating committee has submitted candidate names to fill two vacancies on the Board of Directors.

Voting will start on February 12 during normal business hours at our offices and will continue on the day of the meeting at the Coronado Club until 4:45 p.m.

IRA "Catch-Ups" Earn Big Bucks

If you're age 50 or older, you are now seeing the biggest benefit of the new tax bill. Your maximum IRA (individual retirement

account) contribution not only is rising, but you're now able to make "catch-up" contributions. Call the credit union or check out the IRA

page on our website for all the details. It could make a big difference to your retirement dollars.

Enhancements to ALOEFCU@home Make Managing Your Money Easier

We have recently enhanced ALOEFCU@home by adding an interface to Microsoft Money and Intuit Quicken. Use the online services feature of your financial management software to communicate with your credit union account information. Once configured with your account number and security information, data will automatically download, so you can better manage your money.

In addition to using programs like Money and Quicken, you can also manage your ALO Employees FCU accounts through your regular Internet browser. Its so simple to check balances, transfer funds, view

account history, and even pay bills with Bill Pay. If you aren't already enjoying the convenience of ALOEFCU@home, call us today to get started.

Online bill paying beats paper checks by eliminating the hassle of buying stamps, writing checks and mailing payments. With Bill Pay, you can pay your bills online with a simple click of a button. You'll save both time and money and can pay most any bill from your favorite department store to your utility bill. These benefits and more can be realized when you use the Bill Pay system.

Bill Pay allows you to set up account information for each merchant to be paid. When a bill arrives,

simply log onto Bill Pay, enter the amount due and schedule a payment date. It's that simple!

You can try Bill Pay free for the first two months. Thereafter, it is a low \$4.95 monthly fee, which can be avoided if you already use three qualifying services with us. To sign up for Bill Pay, you must first be able to access ALOEFCU@home. Sign up for ALOEFCU@home access today!



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IRA Direct Rollovers Make Sense

The life-long career outlook has changed. Most people no longer count on one job, one company, or even one career. Today's workers average six job changes during their lives. That could mean six decisions about valuable pension dollars — and six opportunities to blow it.

You have three options for avoiding taxes or penalties on pension funds: You might be able to roll funds over into a similar plan at your new job, after a qualifying wait time; leave funds with your former employer; or roll funds over directly into an individual retirement account (IRA). A direct rollover can do the following:

- Protects your retirement money from immediate taxation. Any payout is considered taxable

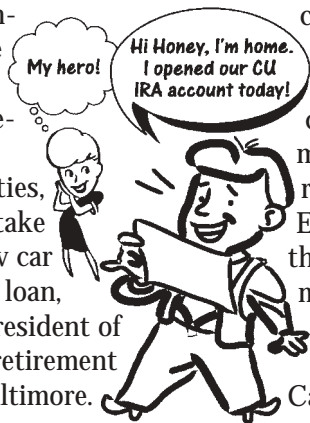
income in the year you receive it.

- Helps you avoid the 10% early distribution penalty the Internal Revenue Service imposes if you're younger than 59 1/2.
- Helps you sidestep the mandatory 20% federal withholding on all eligible rollover distributions from qualified retirement plans.

Despite the penalties, young people typically take the payout to buy a new car or pay off an old car loan, says Michael Martin, president of Financial Advantage, retirement financial advisors in Baltimore. "It's generally not a huge sum and they're not close enough to retirement to think they need to worry about it," he says. "But they do." Martin points out that it's

cheaper in the long run to finance the car and keep the pension dollars for retirement. Contributions you make in your later earning years never make up the huge compounding effect of your early contributions.

There are exceptions and special circumstances, but for many members, a direct rollover into an ALO Employees FCU IRA is the safest, simplest, and most convenient way to protect and accumulate retirement funds. Call today for ways to make your pension payout continue growing for your future.



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What is a Shared Branch?

A "Shared Branch Service Center" is a Credit Union location that is part of a national network of "linked" or "shared" facilities, which are identified by a common "swirl" logo. Members of participating credit unions may conduct business at any of the "shared" facilities as though they were at their "home" credit union. ALOEFCU members benefit from access to many branch offices throughout the United States. This means ALOEFCU members who travel out-of-state or move may now keep their existing relationship

and still have a friendly ALOEFCU office just down the street.

Any ALOEFCU member may conduct business at any participating "shared" facility. However, you must first register for the service at our (home) credit union office. We have joined the nationwide Credit Union Service Network to give you convenient

locations in Albuquerque, New Mexico and the entire United States. Members of the participating credit unions can conduct basic transactions, just like visiting their own credit union in these "CU Service Centers". You can check out current locations on our website or at www.cuservicecenters.com.



CU SERVICE CENTERSSM
The Member-Friendly Financial Network

Electronic Income Tax Filing is Easy

You can be prepared for tax season by filing both federal and state tax returns electronically. This gets your return to the taxing authority quickly and accurately. You can also have your tax refund

directly deposited into your ALOEFCU account in as little as 10 days. Starting January 20th, visit your credit union website at www.aloefcu.org or come by the office for more information.

Electronic filing, it's easy to use and saves the worry of mailing your returns and depositing that refund check when it finally arrives.

Choosing Make, Model and Financing

The big thing about a new vehicle typically is the price tag. The big thing about paying for it is how much you can save by financing it through ALOEFCU. Interest rates on our conventional vehicle loans are attractive right now but there may be another option that could benefit you even more.

With a home equity loan or line of credit, you get a great rate and a tax break as well. If you already itemize deductions on federal income taxes, your after-tax interest rate is lower because you can deduct home equity loan interest (confirm with your tax adviser).

So don't look at rate alone to determine which type of loan will save you more. Think in terms of the rate — after taxes. Be sure to consider upfront costs: As with any mortgage loan, you're likely to

pay fees for the appraisal and title insurance which will increase your cost of borrowing. But if you already have an equity loan or line of credit equity loan it makes even more sense. For example if the home equity loan carries a 4.75%



We Do Business in Accordance With the Federal Fair Housing Law and the Equal Credit Opportunity Act

interest rate and you're in the 28% tax bracket, you can think of that 4.75% rate as being 28% lower. In other words, 3.42% is your effective rate.

When making comparisons between a home equity loan and a conventional vehicle loan, use the

same number of months for each loan. In other words, compare a 72-month auto loan with a 72-month payback on a home equity loan. The result won't tell the whole story because the interest rate for a home equity loan typically will be higher than for a conventional auto loan. So your monthly payment may be higher even if the final after-tax cost turns out to be lower. Home equity loans often have variable rates, so be prepared for your rate to adjust upward.

Finally, before using this type of loan to buy a vehicle, make sure you don't have other priorities for your home equity — such as paying education expenses, starting a new business, or improving the house. Go to the loan calculators on our web site, at www.aloefcu.org and do some comparisons.

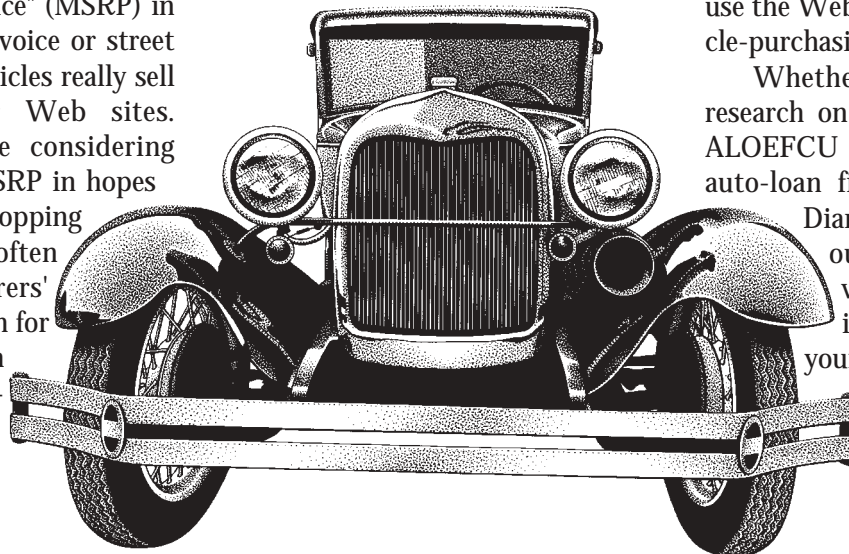
MSRP May Become Price of the Past

To keep up with Internet auto retailers, major auto makers are considering ditching their decades-old pricing strategy of advertising only "manufacturer's suggested retail price" (MSRP) in favor of posting invoice or street prices — what vehicles really sell for — on their Web sites. Manufacturers are considering eliminating the MSRP in hopes of keeping Web-shopping consumers, who often leave manufacturers' Web sites to search for price information and closing car-buying deals.

According to The Wall Street Journal, many dealers already are abandoning the practice of negotiating down from an MSRP, as more consumers arrive at show-

rooms with invoice price information that they've downloaded from the Internet. Analysts at J.D. Power and Associates estimate that more than half of buyers will use the Web this year to get vehicle-purchasing information.

Whether you've done research on the Internet or not, ALOEFCU can help with your auto-loan financing needs. Call Diane or Pam and visit our website at www.aloefcu.org for information about your financing options.



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Holiday Bills Got You Stretched?

Save yourself some dough by making ALO Employees Federal Credit Union your first stop for a special holiday loan. It's a little holiday cheer to help you over sky-high expenses. Loans up to

\$3,000 for up to 12 months at a low 8% APR (Annual Percentage Rate)! Put some extra jingle back in your pockets. To apply for your holiday bucks, stop by the office or call us. It's that simple.

Holiday Closings

- **New Year's Day** January 1
- **Martin Luther King's Birthday** January 19
- **Washington's Birthday** February 16



Your ALO Employees FCU Staff

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Phyllis Hendrix; *Operations Assistant*; 845-6939

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Kari Beg; *Administrative Assistant/MSR*; 845-4111

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For Your Information

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Lobby Hours

Monday
 8:00 AM to 3:00 PM
Tuesday through Thursday
 9:00 AM to 3:00 PM
Friday
 9:00 AM to 4:30 PM
Closed on Federal Holidays

Board of Directors

Ed Maestas
Chairman of the Board
Martha Thibeau
First Vice Chairman

Ray Baca
Second Vice Chairman

Les Gage
Secretary

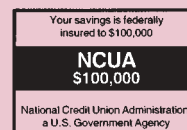
Alesia Bell
Treasurer

Don Jewell
Policy Officer

Dan O. Romero
Marketing Officer

Supervisory Committee

Leonard Raab Jr., *Chairman*
Jerry Bledsoe
Tim Harmeson



All Individual Retirement Accounts are insured separately to an additional \$100,000.