

15 things you should know about Roth IRAs

The beginning of the year is the most popular time for people to think about their finances and to set financial goals. It is also the time of year that people hurry to either start an IRA or contribute to an existing one to take advantage of the tax benefits. Prior to 1998, there was only the Traditional IRA option, but since then the Roth IRA was created. Here are 15 things you should know about Roth IRAs.

- 1** The biggest difference between Traditional and Roth IRAs is when – not if – you pay taxes. With a Roth IRA, you will have already paid taxes on the money you put in, so you won't have to pay taxes on that money when you go to use it down the road.
- 2** Money you earn from dividends, interest or capital gains inside a Roth IRA is truly tax-free income. Inside a traditional IRA, that income is merely tax-deferred.
- 3** The laws governing IRAs can be so difficult to understand that it is a good idea to talk to a professional before starting one.
- 4** The annual contribution limit for a Roth IRA is \$5,000, with a make up contribution of an additional \$1,000 if you are over 50 years old.
- 5** Beginning this year, you can convert a Traditional IRA to a Roth IRA, regardless of your adjusted gross income. Previously, those with an AGI of more than \$100,000 could not.
- 6** When converting a Traditional IRA to a Roth IRA, you will have to pay federal income taxes on any portion of the conversion that you haven't already paid taxes on.
- 7** The income taxes due on a Traditional IRA conversion to a Roth IRA in 2010 can be spread over two years, so the 2010 conversion amount can be included as taxable income in 2011 and 2012. Conversions in the following years are included in income during the tax year in which the conversion is completed.
- 8** A non-working spouse may now contribute up to \$2,000 per year into an IRA regardless of the spouse's income.
- 9** No tax deduction is allowed for any contributions to a Roth IRA, which is entirely funded with after-tax money.
- 10** In the Roth IRA, there is no maximum age for contributions, and no distributions are required until the taxpayer's death.
- 11** There are two ways to start a Roth IRA. You can open a new account with up to \$5,000. Or you can convert a traditional IRA into a Roth IRA. Allegis offers low-risk IRAs or you can work with our Investment Center to see if a higher-yielding option is right for you.
- 12** Anyone who makes under \$110,000 per year (\$150,000 combined per year for married couples) is eligible to start a Roth IRA.
- 13** The conversion cap that has been removed starting this year means that anyone can convert an existing IRA to a Roth IRA, even if your income is too high to fund a Roth IRA (see #12).
- 14** You can withdraw your original contributions to a Roth IRA any time without tax or penalty. However, the only way you can avoid the tax and penalty on the earnings is by waiting to withdraw those earnings until you are 59½ years old and you've had the Roth IRA for at least five years.
- 15** Making a contribution to any IRA, Roth or traditional, deductible or non-deductible, is almost always preferable to making no contribution at all or to saving money in a taxable account.

Talk to an Allegis IRA Specialist or take advantage of the Allegis Investment Center to find out if a Traditional or Roth IRA is right for you!

Investment Center

Make a New Year's Resolution to take advantage of Allegis' Investment Center! We offer access to a financial planning firm, Diversified Financial Concepts, which works specifically with our members. These financial advisors are available to meet with you at Allegis Credit Union on the following days, or by appointment:

Coldwater: Pat Gilbert, Tuesdays

Kalamazoo: Mike Batson, Mondays & Fridays
Dan Byrens, Wednesdays

Paw Paw: Neal Rohrs, Wednesdays

These advisors have over 60 years of combined experience and can take care of your financial or retirement planning needs. An appointment can be set up anytime by calling Diversified Financial Concepts directly at their main office in Kalamazoo at 1-800-336-4896 or by contacting your Allegis branch. Call for your free, no-obligation consultation today.

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Winter 2010

www.AllegisCU.com



President's Report

Federal regulation D requires financial institutions to limit the way withdrawals may be made from a savings or money market deposit account. In order to ensure that no more than the permitted number of withdrawals or transfers are made, the regulation requires that depository institutions take steps to prevent excessive transactions (see box below for explanation).

In the Fall 2009 Member Connection Newsletter, we disclosed that a new "Excessive non-checking electronic withdrawal fee" of \$3.00 would be applied on each electronic withdrawal transaction after the sixth per non-checking suffix each month. We decided to revisit that new fee to find a way to make it more member-friendly, while still discouraging our members from violating Regulation D. The answer was to charge a \$5 fee just one time per month, per suffix, where the electronic withdrawal transaction goes over six per non-checking suffix.

Please know that Allegis Credit Union encourages you to use the electronic avenues we offer for managing your money, but we have to limit them on non-checking types of accounts. If you do not have a checking account, call or stop in to your nearest office to get signed up for one.

Thank you for your continued membership!

REG D OVERAGE FEE

Effective January 31

On the last day of each month, a \$5 fee will be applied to each non-transaction account suffix with greater than six electronic withdrawal transactions.

What is Regulation D?

Regulation D limits electronic withdrawals on non-transaction accounts to six per month. A non-transaction account includes: Shares, Money Market and Vacation Club accounts.

*The types of electronic withdrawal transactions that are limited on non-transaction accounts are CU*Talk or Online Banking transfers, ACH withdrawals, phone transfers and automatic transfers for overdraft purposes.*

Member Disclosure Information

Error Resolution Notice In case of errors or questions about your electronic transactions, contact us as soon as possible. We must hear from you no later than sixty (60) days after we send the first statement on which the error occurred. If you contact us by telephone, we may require that you send us an explanation in writing. If we need more time, we may take up to 45 calendar days. If we do this, we will deposit a provisionary credit to your account within ten business days for the amount of the error in question. We will notify you with the results within three days after completing the investigation. If there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation. If you discover an error, contact us at (269) 372-4455 or mail to: PO Box 177, Oshtemo, MI 49077.

Business Account Electronic Transactions Notice We may accept on your behalf payments to your account which have been transmitted through one or more Automated Clearing Houses (ACH) and which are not subject to the Electronic Fund Transfer Act and your rights and obligations with respect to such payments shall be construed in accordance with and governed by the laws of the state of Michigan as provided by the operating rules of the National Automated Clearing House Association, which are applicable to ACH transactions involving your account.

Privacy Disclosure Allegis Credit Union is owned by its members and run by a board of directors that you elect. You can be confident that your financial privacy is a top priority of the Credit Union. We are required by law to give you this privacy notice to explain how we collect, use and safeguard your personal financial information. If you have questions regarding this privacy notice, please contact a member service representative at 269-372-4455. We are committed to providing you with competitive products and services to meet your financial needs, which necessitates that we share information about you to complete your transactions and to provide you with certain financial opportunities. In order to do so, we have entered into agreements with other companies that provide either service to us or additional financial products for you to consider. Under these arrangements, we may disclose all of the information we collect, as described below, to companies that perform marketing or other services on our behalf or to other financial institutions with whom we have joint marketing agreements. To protect our members' privacy, we only work with companies that agree to maintain strong confidentiality protections and limit the use of information we provide. We do not permit these companies to sell to other third parties the information we provide to them.

Information We Collect and Disclose About You We collect and may disclose nonpublic information about you from the following sources: Information we receive from you on membership and loan applications and other forms; Information about your transactions with us or others; Information we receive from a consumer reporting agency; Information obtained when verifying the information you provide on an application or other forms, such as from your current or past employers or from other institutions where you conduct financial transactions. We may also disclose information we collect about you under other circumstances as permitted or required by law. These disclosures typically include information to process transactions on your behalf, conduct the operations of our credit union, follow your instructions as you authorize, or protect the security of our financial records. If you terminate your membership with Allegis Credit Union, we will not share information we have collected about you, except as permitted or required by law.

How We Protect Your Information We restrict access to nonpublic personal information about you to those employees who have a specific business purpose in utilizing your data. Our employees are trained in the importance of maintaining confidentiality and member privacy. We maintain physical, electronic, and procedural safeguards that comply with Federal Regulations and leading industry practices to safeguard your nonpublic personal information.

The Fact Act Allegis Credit Union may report information about your account(s) to Credit Bureaus. Late payments, missed payments or other defaults on your account may be reflected in your credit report.

Community Corner • People Helping People

The spirit of giving was in the air at Allegis Credit Union during the fourth quarter of 2009! Here's what we were up to!

Making Strides Against Breast Cancer:

Fundraised \$2040, with our own breast cancer survivor Patti Vesey raising \$1,300 of that! That put Allegis in the top 10 Kalamazoo area fundraising teams and Patti as the #3 individual fundraiser! Thank you to all of our members for supporting us!



ANGEL TREE, GIVING TREE, TOYS FOR TOTS:

No matter what you call it, staff and members donated lots of toys so that no child would have to go without a present on Christmas!



MINISTRY WITH COMMUNITY

MwC provides food, daytime shelter and other basic services. With community cooperation, they are able to serve their members with dignity, hope and unconditional acceptance. Kalamazoo staff rolled candles as part of their community fundraising project, delivered five Thanksgiving turkeys, collected and delivered personal items, and served hot lunches to MwC members.

Salvation Army Red Kettle Campaign

Staff in Kalamazoo spent several hours ringing the bell and collecting money for the Salvation Army during December



Did You Know...?

Online Banking Tips & Hints



IRA Advisor

Just in time for tax season, we're bringing online advice and education about IRAs to you. The IRA Advisor is an online, interactive tool that walks you through a series of questions about your needs and goals. Along the way, the Advisor will display related tips based on your answers. At the end of the process, the Advisor will offer simple, easy to understand advice based on your situation and goals. You can then click a link that will send some basic information about your answers to your credit union.

Just click on "My Accounts" and then on "Get IRA Advice" to get started!

We want to know what you think!

Very soon, Allegis will be conducting a short online Member Survey. We will send an email out to you if we have your email address on file. If you don't get an email, please just watch for a link on our website, www.AllegisCU.com.

We hope you will take a moment to fill out the short survey. It will help us make sure your credit union is everything you want it to be.

Deposit and loan rates effective December 17, 2009. All rates are subject to change weekly. Check www.AllegisCU.com for the most current rates.

Savings Rates

Share Savings	0.20% APY*
Vacation Club	0.20% APY*
Christmas Club	0.20% APY*
IRA Club	1.05% APY*
SelectCheck55 (Over \$1,000)	0.20% APY*

*Annual Percentage Yield. The dividends listed above are determined and received at the end of each quarter.

Money Market Savings

\$2,500-\$14,999	0.40% APY*
\$15,000-\$49,999	0.65% APY*
\$50,000-\$99,999	0.90% APY*

Certificates of Deposit (CDs) & IRA CDs

\$1,000 minimum. Compounded monthly. Please call or go online for current rates. All funds federally insured by the NCUA.

Loan Rates

Auto (New & Used)

New Autos	Used Autos	Term
4.49%	4.49%	36 Months
4.99%	4.99%	48 Months
4.99%	4.99%	60 Months
n/a	5.99%	66 Months
5.99%	n/a 72	Months

RV/Boat/Motorcycle

36 Months	8.49%
48 Months	8.49%
60 Months	8.49%
61-120 Months	8.99%

HomeLine Home Equity

Rate adjusted quarterly based on the Wall Street Journal Prime Rate. Please call or check www.AllegisCU.com for the most current rate.

VISA Credit Card (no annual fee)

Platinum	8.99%
Classic	13.92%

Home Mortgage Rates

Call our mortgage specialist, Terri Loud, at extension 240 for current rate information. All loans stated by Annual Percentage Rate. Subject to approval. Actual rate based on credit history. Equal Housing Lender.

Your Volunteer Board of Directors

Scott Carter, Chair
 Tim Hoyle, Vice-Chair
 Dana Slocum, Treasurer
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Kalamazoo

5713 Venture Park
 (269) 372-4455
 fax (269) 372-4485

Coldwater

621 East Chicago Road
 (517) 278-6579
 fax (517) 278-2012

Paw Paw

422 S. Kalamazoo Ave.
 (269) 655-0000
 fax (269) 657-2616

Hours

All Allegis Locations
 Lobby:

Monday - Friday
 9 a.m. - 5 p.m.

Drive Thru:

Monday - Thursday
 8:30 a.m. - 5:30 p.m.

Friday

8:30 a.m. - 6:00 p.m.

Saturday

9 a.m. - 12 p.m.

Portage

Credit Union
 Family Service Center
 6286 S. Westnedge Ave.
 (Southland Mall)

Hours

(Lobby only)

Monday - Friday

9 a.m. - 7 p.m.

Saturday

9 a.m. - 2 p.m.

Basic transactions only
 at this location.

www.AllegisCU.com

Visit us on the web for other shared branch locations.

It's Me 247 Online Banking

Your personal Internet branch (PIB).

CU*Talk
1-866-267-4722

Free Discount Prescription Drug Card

Allegis Credit Union is always looking for new ways to save members money! With the new Discount Prescription Drug Card, you can save an average of 30% at more than 54,000 national and regional pharmacies. The card can be used as your primary plan and/or on prescriptions not covered by your insurance plan. The program has "lowest price logic" to guarantee that you get the best deal on your prescriptions. To get a card, just stop into your Allegis Credit Union branch office or download it from www.AllegisCU.com.

VISA e-Statements Available Now

You can now get your VISA statement online! Just click on the VISA Account button on www.AllegisCU.com to sign up.

Get your tax return back fast!

Have your tax return directly deposited into your Allegis account. You will need these important numbers:

ACU Routing Number: 272481884

Account Number: Your account number plus 3-digit suffix (000-Share Savings, 091-Checking, 063-Money Market Savings)

Example: If your account number is 12345 and you'd like the deposit made into your checking account, put "12345091"

ATMs are Everywhere!

You have access to over 28,000 surcharge-free ATMs through the Co-op Network. Find the ones most convenient for you!

- Online locator at www.co-opnetwork.org
- Voice locator at 888 SITE COOP
- New GPS downloads from the CO-OP ATM Locator Web page
- Text messaging on mobile phones

Go to www.AllegisCU.com and click on the ATM Finder in the right-hand menu for details!

Is your mailbox always full of credit card offers?

When you receive "pre-screened" offers of credit, it is based on information in your credit report indicating that you meet certain criteria. To cut down on the number of offers, call the consumer reporting agencies toll free at 1-888-5-OPT OUT (1-888-567-8688) or visit www.optoutprescreen.com.

Read Your Newsletter Online

You can always find this and older issues of the Member Connection newsletter online. Just go to www.AllegisCU.com and click on the Info Desk.

Holiday Closings

New Year's Day – Friday, January 1

Presidents' Day – Monday, February 15 (for employee in-service)



Toll-Free 1-800-797-3281

www.AllegisCU.com

Your savings federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government. Equal Housing Lender.