

Views from Katahdin

Fall 2011

A Quarterly Publication for Members of the Katahdin Federal Credit Union

From the President

We had a fabulous summer and so far a mild fall— hopefully, the winter proves to be an enjoyable season also!

If you are a teacher or parent looking for online resources to help teach personal finances, we have some free resources for you! For high school students, we have the **FoolProof®** program. This program features online modules presented by young people, self-grading tests and support material for nine 45-minute classroom sessions. Another popular program is **Googolplex®** which provides money skills for students. Each Googolplex site is designed for a specific age group— 5Spot™ for elementary students, A-J's™ for middle school students, and c-Note™ for high school students. All three sites have been updated and recently redesigned. Not only are these tools user friendly, they are a lot of fun! **Home and Family Finance® Resource Center**, another featured link on our site, provides timely financial and consumer-focused articles geared for all ages. These articles are updated several times a week. Home and Family Finance also features a Financial Fitness Challenge each month.

These programs are just a small sample of what we can do to help you promote financial literacy. We offer programs such as curriculum from NEFE, have staff members available to present classroom material, and are willing to host a variety of workshops. Consider your credit union your primary resource for financial literacy!

As always, we are here to help so if you have questions or concerns, let me hear from you.

Don Casko
President/CEO

Annual Report Wins Award

The KFCU 2010 Annual Report received an award of merit in the Credit Union Executives Society's Annual Golden Mirror awards. The report, "Connected by a Common Thread," was designed by Synergent in Westbrook, Maine. The Golden Mirror competition is the credit union movement's longest running competition for creative design and results-producing excellence in marketing.



Wrap up the season with a holiday loan

from
**Katahdin Federal
Credit Union**



**Borrow up to \$3,000
for up to 12 months
at a low rate of
3.99% APR***

*Annual Percentage Rate. This special is for a limited time only for qualified members of KFCU. Restrictions may apply. Monthly payment on \$1,000 financed for 12 months is \$85.18. Membership eligibility is required.

Private Student Loans

A photograph of a smiling family consisting of a woman, a man, and a young boy. They are all looking towards the camera with happy expressions.

NOW YOU CAN PAY FOR COLLEGE THE SMART WAY
Sallie Mae Smart Option Student Loan®
TOGETHER WE CAN DO THIS. **GET STARTED**

Let us help you bridge that gap between federal loans and the cost of your education expenses. To learn more or to apply, please go to our home page at www.katahdinfcu.org and click on the Sallie Mae icon.

Mission Statement: "Going the extra mile to exceed members' expectations — a tradition on the move"

The Bottom Line

Rising Popularity of Roth IRA as Retirement Vehicle

Roth IRAs are quickly catching up to their older counterpart, the traditional IRA. About 19.5 million U.S. households owned Roth IRAs in 2010, compared with 38.5 million households who owned traditional IRAs. But the Roth IRA has been in existence only since 1998, while the traditional IRA has been around since 1974. What's fueling the growth of this retirement vehicle? Americans may be attracted not only by the tax advantages offered by the Roth IRA, but by the flexibility it may offer.

Consider the Tradeoffs

Taxes. The main difference between a Roth IRA and a traditional IRA is that Roth IRA contributions are made with after-tax dollars, whereas contributions to a traditional IRA may be tax deductible. The difference when you withdraw your money, however, is that qualified distributions from a Roth IRA are free of federal income tax if you've satisfied the requirements. By contrast, distributions from a traditional IRA are taxed as ordinary income. (Roth IRA distributions may be subject to state income taxes.)

Eligibility. Anyone under the age of 70½ with earned income is eligible to contribute to a traditional IRA. There are no age limitations associated with a Roth IRA, although you must have earned income in order to contribute.

Income eligibility restrictions are associated with both types of IRAs. Eligibility to contribute to a Roth IRA phases out at higher modified adjusted gross income levels: \$107,000 to \$122,000 for single filers and \$169,000 to \$179,000 for married couples filing jointly in 2011. Although there are no income limits to contribute to a traditional IRA, investors who are active participants in employer-sponsored retirement plans cannot deduct their contributions if their modified AGIs exceed \$66,000 for single filers or \$110,000 for joint filers.

Contribution limits. There is a \$5,000 annual contribution limit to all IRAs combined in 2011. Investors age 50 and older may make an additional \$1,000 catch-up contribution.

RMDs. Traditional IRAs are subject to annual required minimum distributions (RMDs) that must begin after you've reached age 70½ (the first distribution must be taken no later than April 1 of the year after you turn 70½). However, no RMD rules apply to Roth IRAs. Thus, if you don't need the money, you can leave Roth IRA assets to your heirs, who can also benefit from tax-free distributions. Failing to take an RMD may result in a 50% tax penalty on the required amount that was not withdrawn. Beneficiaries of either type of IRA are required to take RMDs (based on their own life expectancies).

Withdrawal considerations. Withdrawals from either type of IRA prior to age 59½ may be subject to a 10% federal income tax penalty. Exceptions to the penalty include the owner's death, disability, and a qualified first-time home purchase (\$10,000 lifetime maximum). Regular Roth IRA contributions (not earnings) can be withdrawn at any time for any reason without any tax liability or penalty. For a tax-free and penalty-free withdrawal of earnings, qualified Roth IRA distributions must meet the five-year holding requirement and take place after age 59½.

If you are looking for a way to help manage your income tax liability in retirement and possibly leave a tax-free legacy to your heirs, you may want to consider a Roth IRA.

Single Source



Financial Centre

Thomas W. Duff
Financial Advisor

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Summer Activities

Millinocket Area: On July 3, 2011, members and friends were treated to a Member Appreciation Day Barbeque. The fun continued throughout the day with laughs, door prizes and giveaways.

Island Falls Area: This year's Summerfest featured a Western theme, complete with giant cowboy boots, wanted posters and staff decked out in Western garb. Members shared a light luncheon provided by staff and directors. Summerfest is an annual week-long event highlighted by various community events. KFCU staff is always thrilled to be able to kick off the activities every year with a Member Appreciation Day.



Going on vacation? Using your debit or credit card? Call us with your destination so we can notate it on your file.

Insurance Corner

New Milo Office Location

For our members' convenience, we have added an additional office location in Milo: 52 Park Street, Milo ME 04463. If you live in the area and would like to set up an appointment to review your insurance coverage, please give me a call at 207-943-5955.

It is also that time of year that many people start looking at alternative heat sources. Please keep in mind when looking at installing coal, wood, pellet or other alternatives, you make sure the system you are purchasing is a "UL" approved device and is professionally installed to meet the manufacturer's installation requirements as well as comply with building codes. These codes and installation requirements are designed to protect your safety. UL approved devices have been properly tested and approved for safe usage. It is also important to contact your insurance agent to make sure you are in compliance with the requirements of your insurance company.

We would be glad to provide you with advice and answer any questions you may have. This is a free, local service we provide to our credit union members, current and future clients. Please give either of our offices a call if we can be of further service.



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Coloring Contest

Our annual coloring contest is under way and soon vibrant works of art will cover the walls of the credit union. If you have a little artist at home between the ages of 1–12, we would love to have them participate. Prizes will be awarded in three age categories at each branch location: ages 1–4, 5–7, and 8–12.

Contest forms can be picked up at the receptionist desk in the lobby or online at www.katahdinfcu.org/whatsnew. The entry deadline is October 28, 2011.

Prizes are Visa Gift Cards. Winners will be notified by telephone.

Our Business Lending Department is now open for business. Interested? Please call Betty Averill Lisa Martin for more information.

Holiday Club

For those members who have been depositing all year into their holiday club, your funds will transfer on the evening of October 14, 2011. Funds will transfer to the main share account unless an alternative account has already been selected. The new holiday clubs will begin on October 17, 2011. If your holiday club is currently set up on payroll deduction, you are all set—your club will start automatically. If you are not on payroll deduction or net pay distributions, sign up today for the easiest, most convenient way to save for the holidays.

The holiday clubs are set up to accept deposits all year long and are not designed for frequent withdrawals. If you plan on making frequent withdrawals from your Holiday Club, you may opt for an alternative club. A suffix 2 or suffix 3 account will allow you to save and make withdrawals during the year. If you choose a suffix 2 or 3 account, the funds will not transfer to an alternative account at the end of the year. They will remain in your account until you are ready to use them. Talk to a financial service representative about the best option for you.



Think FREE online banking and bill pay are tricky?

Win \$1,000 Cash!

They really are a treat!

During the month of October, you could easily win \$1,000!

Entering the contest is easy, just pay one bill using FREE online bill pay during the month of October.* It's that easy!

*No purchase necessary. Void where prohibited. For complete rules and additional information, visit <https://secure.orcc.com/promo/oct2011/rules.html>

Inside the Credit Union

If you have visited the credit union lately, you will have noticed two new employees. **Lisa Craig** has joined the teller line at the branch office and **Ashley Sennett** has joined the staff at the main office. Join us in welcoming our new employees!

Gift cards are the gift of choice for the holiday season.

Services

Savings

Share Accounts
Club Accounts
Share Drafts
Share Certificates
IRA Accounts
Roth IRA Accounts
Coverdell Education Savings Acct.
IRA Certificates
Roth IRA Certificates
Money TrekSM Youth
Savings Program

Loans

New & Used Auto & RV Loans
Cottage Loans (including on
leased land)
Land Loans
Computer Loans
Real Estate
Home Equity Loans and
Lines of Credit
Share Secured-Certificate Secured
Streamline (Line of Credit)
Unsecured Loans
Visa[®] Classic[®] Cards
Visa[®] Gold Cards

Other Services

CU24SM Visa[®] Check Card
Direct Deposit/Payroll Deduction
Money Orders
Wire Transfers
Night Deposit
Safe Deposit Boxes
24-Hour ATM
Notary Services
CUSO-Single Source
Financial Centre
CUSO-Katahdin Gateway
Insurance LLC
Visa Prepaid Gift Cards
Katahdin Connection
Home Banking Solution

Locations

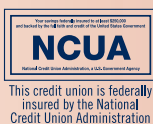
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Fax 207-723-8426

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www.katahdinfcu.org

Hours

8:00 am - 5:00 pm Drive Up
9:00 am - 5:00 pm Lobby



Credit Union Day 2011

Over the course of 84 years, the celebration of International Credit Union (ICU) Day[®] has evolved from the first official credit union holiday established by the Credit Union League of Massachusetts in 1927 into the internationally recognized observance it is today.

Originally "Credit Union Day" (CU Day), the formal appreciation of credit union members and workers as well as the pioneers of the credit union movement, has two beginnings. The first, in 1927, was established on January 17 because America's "Apostle of Thrift," Benjamin Franklin, was born on that day. At the time when CU Day was established, the credit union movement in North America was rapidly developing. People were either too busy to celebrate or too new to the credit union movement to recognize the significance of their actions, and after a brief trial period, CU Day faded away.

Twenty-one years later in 1948, the centennial of the first credit union arrived. By then, about five million people belonged to 12,000 credit unions in the United States and Canada. America's credit union leaders at this time called for an occasion for bringing people together to reflect on credit unions' cooperative history and achievement much more than they had in 1927. They also wished to promote the credit union idea nationally. To do so, Credit Union National Association (CUNA) decided to give CU Day new life--this time with a national celebration set aside on the third Thursday of the month. This time, CU Day caught on, and celebrations continued in the following years.

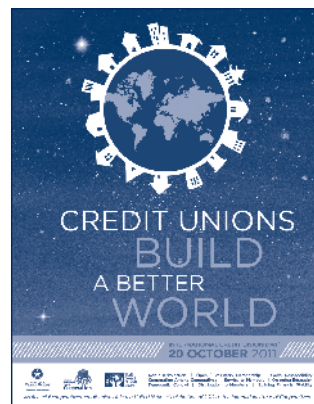
Meanwhile, the credit union movement was spreading across the globe. By 1964, CUNA had established CUNA International to formally expand its aid to credit union pioneers worldwide. As new national movements joined the credit union family, the idea of a holiday that everyone could enjoy, regardless of religion, political beliefs, or cultural differences, appealed to many. Numerous credit unions began to distribute CU Day promotional materials, and the day of honor and recognition came to be acknowledged globally.

In January 1971, the World Council of Credit Unions, Inc. (WOCCU) was established in order to aid the substantial worldwide credit union progress. At the time, about 38 million members belonged to 24,000 credit unions globally. In that same year, WOCCU created the first ICU Day materials that were used around the world. CU Day had officially become ICU Day.

Today, ICU Day celebrates the common roots of 186 million credit union members in 97 countries. The credit union movement has come a long way since the first financial cooperative was established in Germany just 163 years ago. As we observe past achievements and look forward to the accomplishment to come, we invite you to join us in celebrating ICU Day on October 20, 2011.

In honor of International Credit Union Day, we will be serving refreshments from 11:00 A.M.–1:00 P.M. and sponsoring a pumpkin painting/craft event for youngsters from 2:00–4:00 P.M.

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Win \$50

What is the "Smart Option Student Loan?"

If you know the answer, please fill out this coupon and submit your entry by November 15, 2011. A winner will be drawn at random.

Congratulations to **Alice Hartley**, the winner from last quarter. The question was, "What is free4ME?" The answer was "a new checking account for members age 18–25."

Name: _____

Address: _____

Telephone #: _____ Answer: _____