

Following the Rules: Withdrawing From Your IRA

If you don't plan ahead on how and when you should access your IRA (individual retirement account) money, you may get a worse tax bite than necessary.

The rules that govern minimum required distributions from IRAs are among the most complicated in our tax code. This article can only give a brief overview so it's best to consult with an IRA specialist before making a distribution decision.

Required minimum distributions

If you own a traditional IRA, you must start taking a minimum amount of money out of your IRA by April 1 the year following the year in which you reach age 70½--your required beginning date. You always can take out more, but not less than the required minimum distribution amount. The required minimum distribution amount is based on a calculation of your account's value and your life expectancy--how many more years you are expected to live. The longer your life expectancy, the lower the annual required distribution.

If you do not take at least the minimum required withdrawal amount each year, you'll owe a 50% penalty on the amount that should have been withdrawn.

Tax consequences of a withdrawal

Dipping into your IRA, of course, means you'll also get stuck with an income tax bill. Traditional IRA funds are taxed upon withdrawal. At that time, the owner must add the amount of the withdrawal to his or her income taxes for the year of the withdrawal.

For example, if your taxable income is \$30,000 and you withdraw \$5,000 from your traditional IRA, then you will pay taxes on \$35,000 for that year. Owners who make nondeductible contributions do not pay taxes on that portion of their traditional IRA withdrawals.

Because Roth IRA contributions are not tax deductible, they are not taxed when withdrawn. Roth IRA earnings are taxable if the withdrawal is not a qualified distribution. Contributions to a Roth IRA are withdrawn first, so no taxes are owed until the owner "dips" into their earnings.

One of the biggest advantages of the Roth IRA is that when you take the money out, you can take as much or as little as you need--tax-and penalty-free--after you reach age 59½ and after the account has been open for at least five years. There's no minimum distribution schedule, and you can use a Roth IRA to build up a stash of cash to leave for beneficiaries.

It's the IRA owner's responsibility to determine the taxable portion of each withdrawal, with assistance from a professional tax advisor.

TELCO CREDIT UNION

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LOAN TYPES AND INTEREST RATES

Unsecured (signature/co-maker).....	11.00% - 16.00%
New Vehicles.....	5.45% - 16.00%
Used Vehicles.....	5.65% - 16.00%
New Motorcycles	4.95% - 7.10%
Used Motorcycles	5.50% - 8.80%
New ATV's.....	4.95% - 7.10%
Used ATV's.....	5.50% - 8.80%
New Boats & Jet Skis.....	4.95% - 8.00%
Used Boats & Jet Skis.....	6.50% - 8.50%
New RVs & Campers.....	4.95% - 8.00%
Used RVs & Campers.....	5.50% - 9.00%
CD Secured Loans.....	8.00%
Stock Secured.....	6.50%
Share Secured-up to 5 year repayment.....	2.30%
Share Secured-61-120 months repayment.....	2.80%
Insurance Secured.....	9.00%
Visa Credit Card.....	11.99%
Overdraft Line of Credit.....	16.00%
Home Equity Line of Credit	Variable
First Mortgage.....	Fixed & Variable

FINANCIAL CONDITION

October, 2009

Assets

Total Cash & Investments.....	\$27,679,037
Loans to Members (Net).....	\$32,266,745
Property & Equipment.....	\$ 547,190
Other Assets.....	\$ 909,240
TOTAL ASSETS.....	\$61,402,212

Liabilities & Reserves

Shares & Certificates.....	\$ 34,562,138
IRAs.....	\$ 5,454,387
Share Draft Accounts.....	\$ 1,949,505
Reserves & Undivided Earnings.....	\$13,618,262
Other Liabilities.....	\$ 5,817,920
Total Liabilities & Reserves.....	\$61,402,212

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FinFacts

Quarterly Newsletter From Telco

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Number 4



TELCO ANNUAL MEETING



Telco's Annual Meeting

will be held on

Thursday, January 28, 2010

at 2:00pm

The meeting will be held in

Telco's Board Room at the Barlow Road location.

All Members are Invited to Attend.

Telco Staff

Congratulations to Carol F. Ruffin who has assumed the new position of Manager-Finance. Carol brings with her a wealth of knowledge in the finance environment, as well as, the banking industry. Carol has Bachelor's Degrees in both Business and Accounting from North Carolina Wesleyan College and is currently working to complete her MBA in Finance.

Congratulations Carol on your new position.

Sign Up for On-Line Banking / E-Statements

By signing up for On-Line Banking / E-Statements, you help Telco save expenses on paper and postage. You also gain the privilege of obtaining current account activity any time that is convenient for you. You can review your account 24 hours a day, seven days a week. Signing up on On-Line Banking / E-Statements helps our members and Telco.

Follow these simple instructions to sign up:

For New Member and non-user

Go to www.telcu.com

Click On-Line Banking

Under New member...Click to Enroll

For Current On-Line users:

Go to www.telcu.com

Click On-Line Banking

Log In

A pop-up will appear with instructions

Thanks for signing up!

Fraud Prevention Tips for Credit Union Members

✍ When performing a PIN transaction, ensure others are not capturing your PIN number.

✍ When using a debit card, you may select "credit", which requires a signature and extends the \$0 member liability under the Visa / MasterCard association rules.

✍ Review all accounts (checking, savings, credit card) activity daily When paper checks are converted at a merchant to an ACH, file voided checks safely to prevent counterfeit checks or unauthorized ACH transactions. Be suspicious of emails from unknown parties; don't open the email or click any links within them.

✍ When shopping in person or using an ATM, be aware of your surroundings and report any unusual activities to your credit union.

✍ Never leave your purse, wallet, or cards unattended. And finally, if an offer seems too good to be true, it probably is, so be cautious.



Emergency Savings Account Can Save You

Financial experts say you need to set up an emergency fund in case you lose your job or get an unexpected large bill.

The key is to start. Here's how:

1. *Choose a goal. Saving for a new car, a new roof, or any specific item keeps you on track.*

2. *Pay off credit cards and other debt.*

3. *Start small. Slowly save as much as your paycheck will allow, then add to it as your paycheck increases.*

The Telco staff is experienced in helping the members build savings, so ask us for help.

Welcome New Select Employee Group Sponsors

Telco wishes to welcome our newest Select Employee Group Sponsors to the Telco Credit Union family:

**Saint-Gobain Containers
Wilson, North Carolina**

Thank you for your sponsorship. Telco now has 130 Select Employee Group Sponsors. We look forward to providing the benefits of credit union membership to the employees and immediate family members of all our sponsor groups.

Holiday Closing

Please note the following Holiday Closing Schedule:

*Easter
April 2, 2010*

Please keep in mind that during the holidays, you will still have access to TAPS, On-Line Banking & CashPoint ATM locations which are always available 24 hours per day seven days per week.

Remember: Telco Members incur no fees at CashPoint ATMs.

Edgecombe Community College Student Receives Telco Scholarship

Recently, a very deserving ECC student and Telco member received a scholarship from Telco. On November 18, 2009, at the ECC Awards Ceremony, Pam Forehand presented Barbara Atkinson with a scholarship to assist her in continuing her education. Congratulation Barbara!

If you are a student or a staff member of Edgecombe Community College, don't forget...you and your family members are also eligible to join Telco.



Our 4th Quarter 2009 Featured Retiree



**Mike Underwood
P.O. Box 282 Tar Heel, NC 28392
Phone: 910-862-7678**

My last work assignment was in the Home Office in Fayetteville working as Senior Account Manager. The thing I miss the most is the people I worked with. What am I doing now?...I am babysitting grandchildren and enjoying life. I spend a lot of my time fishing, taking shorts trips on the Goldwing and gardening.

I have two sons, a grandson and a granddaughter. I would like to hear from my friends. Please give me a call or send me an email. My email address is: fmunderwood@hotmail.com.

It pays to sign up for On-Line Banking/E-Statements

Congratulations to the five Telco members who won \$1,000 by signing up for On-Line Banking / E-Statements. Due to Privacy issues we cannot disclose the names of the winners, but the winners reside in the following locations: Rocky Mount, Fuquay Varina, Raeford, Fayetteville, and Pinetops.

CONGRATULATIONS WINNERS!

Want to save some money?

If you currently have a loan financed with a financial institution other than Telco Credit Union, we may be able to help you reduce your monthly payments by refinancing with Telco. Please call a loan officer or send us via email the details of your current loan. We will run the numbers and see if we can help save you some money.

Fayetteville and Tarboro Area Retirees Meet

On October 14th, Fayetteville area Telco Retirees met at the Western Sizzlin in Fayetteville and on December 2nd, Tarboro area Retirees met at Stack's Restaurant in Tarboro. At the Fayetteville meeting, Mr. Richard Lewis, from the law firm of Lewis, Deese, & Nance, LLP shared valuable information concerning wills, trusts, power of attorneys, and estate planning. The meeting was enjoyed by everyone and his message was very informative for the retirees. After the meeting the attendees socialized with past co-workers and enjoyed a buffet lunch.



At the Tarboro meeting, retirees enjoyed Personal Safety tips from Sergeant Bob Cox of the Tarboro Police Department. His comments were very informative and timely considering it was the holiday shopping season. Hopefully our retirees will exercise extreme caution after hearing Sergeant Cox's safety tips.

Ricky Thompson from Edward Jones Investments provided a Market Update. He also suggested ways to reduce your taxable income. Remember to review your strategy with your financial advisor to see what, if any, changes you may need to make to your portfolio. Also call Pam Forehand or Rebecca Coker for assistance with your Telco accounts. There may be ways to reduce your monthly payments if you have existing loans with another financial institution. Give us a call, we would really like to help if we can!



The Tarboro meeting was concluded with holiday cheer from the Fifth Grade Carver Elementary School Chorus led by Mrs. Becky Johnson. The chorus did a great job putting smiles on the faces of the retirees. Their songs, hand, body and facial gestures made the songs especially entertaining.

Telco's Website

www.telcu.com

Don't forget to check our on-line branch for updated information, loan specials, scheduling for upcoming events and great deals on repossessed vehicles.