Q4 2009

December 12, 2009
Hotel Intercontinental,
15201 Dallas Parkway, Dallas,Tx.
Dallas, TX

KAPFCU SAVINGS REVIEW

A quarterly report for the Members of Kappa Alpha Psi Federal Credit Union

It's never too early to start saving; even on a tight budget

How can those who currently aren't saving afford to save money? And how can those saving only a little save more? Here are our top ten tips for saving money when budgets are tight.

Cut spending painlessly.

Tip 1: To find small savings that add up to big savings over time, keep a careful record of all (and we mean all) of your expenditures for a month. You may be surprised to learn how much you are spending on such things as a daily latte or restaurant meals.

Tip 2: For necessary purchases — such as food and transportation and insurance— comparison shop. The Consumer Literacy Consortium (www.66ways.org) provides good advice from leading consumer experts on how to save money purchasing 28 types of major products.

Tip 3: Restrain spending for birthdays and holidays, especially Christmas. A few well chosen gifts are likely to be more appreciated than a more costly pile of gifts chosen thoughtlessly in a shopping mall foray.

Reduce High-Cost Debt

Tip 4: Payday loans typically charge interest rates of 500 percent, and the interest rate on credit card debts can run 25 percent. You can save hundreds, perhaps thousands, of dollars a year by paying off these high-cost debts. For help, contact a credible non-profit credit counseling agency.

Tip 5: Build an emergency fund to avoid having to take loans to pay for unexpected purchases. That fund is usually best kept in a savings account, despite the low interest rates such accounts pay right now. But do try to keep a high enough balance in the account to avoid monthly fees. To learn more on emergency savings, click here.

Tip 6: Ask your bank or credit union to automatically transfer funds each month from your checking to your savings account. Even as little as $10 or$15 a month helps. After all, that's $120 or $180 a year.

Tip 7: Put all your loose change in this savings account. For many people, that could add up to well over $100 a year.

Take Free Money and Save It.

Tip 8: Low- and moderate-income workers qualify, each year, for an Earned Income Tax Credit that can put over $1,000, and often more than $2,000, in your pocket. IRS Publication 596 explains how to apply, or you can contact your local tax payer assistance center for in-person help. Then be sure to save at least half of this windfall.

Tip 9: Participate in a local Investment Development Account (IDA) program. In return for attending financial education sessions and agreeing to save for a home, education, or business, you typically receive $2 for every $1 you save through an IDA program. So, $25 that you save each month ends up as $900at the end of a year.

Tip 10: If your employer matches retirement savings contributions, be sure to take advantage of that. Some employers match up to 100 percent of your contributions. While we encourage letting this money build up until retirement, it can be withdrawn, or borrowed on, to cope with serious emergencies.

Source:
http://www.americasaves.org/strategies/tight_budget.asp

MIRACLE OF COMPOUND INTEREST

Watch Your Savings Grow!

Few people get rich from their wages alone. But by taking advantage of the "miracle" of compound interest - earning interest on your interest almost anyone can reach long term financial goals.

BY SAVING AS LITTLE AS $50 A MONTH YOU CAN BUILD CONSIDERABLE WEALTH

***Total Interest Earned: $ 8651.32**

With compound interest, your money works diligently for you, continually feeding upon itself to grow at a substantially faster rate than with simple interest. Although many have attempted to make this type of interest complicated, it's actually very straightforward and easy to understand. Compound interest simply pays you interest on your principal; then, when it's time to pay interest again, you're paid interest on your principal and the previous interest that you earned. In other words, the interest that you're paid adds to and becomes part of the principal that accrues interest during the next period. You have a continuously growing principal amount without having to make another deposit. But if you do choose to make regular deposits to go along with your automatically-growing principal, over time the results can be positively staggering. It's no wonder that Albert Einstein called compound interest "the eighth wonder of the world".

One of the 'secrets' of the wealthy is long-term investments that pay compounded interest. Every savvy investor, when given a choice between a good investment with compound interest and a great investment with simple interest, will pick the good investment every time. They know that, over time, the investment that compounds will outperform the other.

BLACK AMERICA SAVES

FIVE SAVINGS STRATEGIES:

1. Pay off high-cost debt.
The best investment most borrowers can make is to pay off consumer debt with double-digit interest rates. For example, if you have a $3,000 credit card balance at 19.8%, and you pay the required minimum balance of 2% of the balance or $15, whichever is greater, it will take 39 years to pay off the loan. With accumulating interest, you will pay more than $10,000 in interest charges.

For additional information, click here, or see the National Foundation for Credit Counseling website at www.debtadvice.org.

2. Buy a home and pay off the mortgage before you retire. The largest asset of most middle-income families is their home equity. Once these families have made their last mortgage payment, they have far lower housing expenses. They also have an asset that can be borrowed on in emergencies or converted into cash through sale of the home.

For additional information, click here.

3.Participate in a work-related retirement program. Many employees turn down free money from their employer by not signing up for a work-related retirement program such as a 401(k) plan. If they did participate, with a dollar-for-dollar match they would likely receive an annual yield of greater than 100% on their investment.

For additional information, see the American Savings Education Council Web site at www.asec.org.

4. Outside of work, save monthly through an automative transfer from checking to savings.These savings will provide funds for emergencies, home purchase, school tuition, or even retirement. Almost all banking institutions will, on request, automatically transfer funds monthly from your checking account to a savings account, U.S. Savings Bond, or stock mutual fund. What you don't see, you will probably not miss.

For additional information, please see the U.S. Securities and Exchange Commission Web site, www.sec.gov/investor.shtml.

5. Earn up to 4% or more on many CDs or U.S. Savings Bonds. Most CDs from a bank or credit union, and Series EE and Series I Savings Bond, currently pay between 3% and 4%. With a 4% yield your money will double in 18 years.

For additional information:
http://www.treasurydirect.gov/

Readying for 2011

Chairman Victor F. Russell

Pointing to some statistical analysis through the first half of 2009, KAPFCU has developed its "Assets" in excess of $800K; built a growing "Loan" portfolio topping $400 K. Albeit, a lot of our growth has been due to one time annual events such as the Province Council Meetings and Fall Intakes. As an institution we'll continue to find and seek ideas to grow our membership. We thank the Province leadership teams for their efforts in assisting the KAPFCU Board in managing this growth. Thanks also to the respective KAPFCU Province representatives for communicating the Credit Union information and fielding Q&A at both the Province and C. Rodger Wilson Leadership Conference Meetings. Your diligence has energized us to begin participating in the reclaiming of Brothers, their families, as well as, future new Initiates by building financial stability..."One Kappa....Creating Financial Stability"

KAPITAL CAMPAIGN 2011

Members and Shareholders,

We are pleased to announce that KAPFCU is engaged in an aggressive Kapital building campaign to provide additional financial products and services to our members, increase the development services we currently provide to the community, and improve the overall financial health and viability of this great institution.

Accordingly, we are seeking equity donations in the amount of $100.00 as a capital challenge to our membership. Additionally, we are seeking the charitable support of the fraternity and the philanthropic community in this endeavor. And we hope to provide a tax-deductible charitable conduit to preserve your donation as a tax exempt event for calendar year 2009.

Finally, for the first 250 subscribers to the "Kappa Kaptial Kampagin" we will issue Series EE U.S. savings bonds in $100 dollar denominations as a "Kappa stimulus" from KAPFCU for your early support.

Yours in the Bond.

Victor F. Russell
Chairman of the Board / President

Getting The Most From Your Savings Vehicles

What's a Bond?

A bond is a loan that an investor makes to a corporation, government, federal agency, or other organization. Consequently, bonds are sometimes referred to as debt securities. Since bond issuers know you aren't going to lend your hard-earned money without compensation, the issuer of the bond (the borrower) enters into a legal agreement to pay you (the bondholder) interest.

The bond issuer also agrees to repay you the original sum loaned at the bond's maturity date, though certain conditions, such as a bond being called, may cause repayment to be made earlier. The vast majority of bonds have a set maturity date—a specific date when the bond must be paid back at its face value, called par value. Bonds are called fixed-income securities because many pay you interest based on a regular, predetermined interest rate—also called a coupon rate—that is set when the bond is issued.

Investment Horizon	Stocks	Bonds	Cash
20-30 years to retirement	80%	15%	5%
10-20 years retirement	60%	30%	10%
5 years to retirement	40%	40%	20%
Retirement age and beyond	30% or less	40-80%	20% or more

Buying bonds in the first place assumes that you have an asset-allocation strategy in place that balances risk and reward. Asset allocation is all about diversification of investments. In short, it means not putting all of your eggs into one basket.

In putting together a diversified portfolio, you select a mix of stocks, bonds and cash so as to arrive at the risk-reward ratio that stands the best chance of reaching your investment objectives. In general, the longer you have to invest, the greater risk you can assume because you have the opportunity to ride out short-term market losses in hopes of achieving greater long-term returns.

Here's a look at how portfolios might be allocated for investors with differing investment horizons:

Generally speaking, the lower your tolerance for risk and the shorter your time horizon, the higher the percentage of your portfolio that you should keep in cash or short-term bonds. While bond values will fluctuate on the secondary market, in general (and with the exception of high-risk "junk" or emerging-market bonds) their upward and downward price swings will be narrower than those of stocks.

Of course, when you are planning to retire, how much income you'll need in retirement will be important in determining your asset mix, since the longer you plan to invest the money, the more risk you can afford to take. Here's a calculator that can help you determine your retirement income needs.

At least once a year, you should evaluate your portfolio with an eye to rebalancing your mix of stocks, bonds and cash to maintain the percentages you're comfortable with.

Source: http://www.finra.org/index.htm

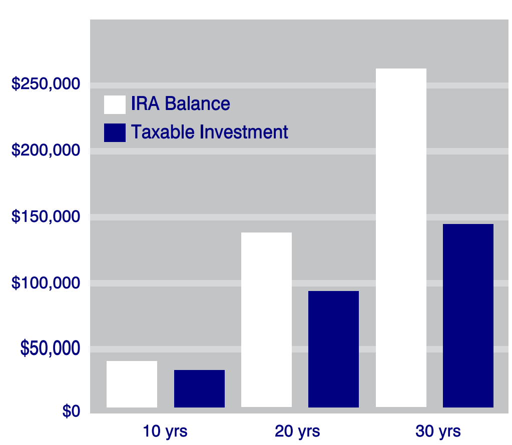
Municipal Bonds—Staying on the Safe Side of the Street in Rough Times Municipal securities—often called "muni bonds"—are bonds issued by states, cities, counties and other governmental entities to raise money to build roads, schools and a host of other projects for the public good.

U.S. Savings Bonds are sold throughout the country by financial institutions either over the Internet or over the counter, and through payroll savings plans administered by companies either for paper savings bonds or electronic savings bonds in TreasuryDirect.

An Individual Retirement Account (IRA) is a personal savings plan that offers you the ability to take control of your financial future and help you reach your retirement goals. An IRA allows you to enjoy the benefits of tax-deferred investment growth, so you can generate additional earnings each year your funds remain within the IRA.

Roth IRA is a retirement savings plan for investors who are looking for tax-free growth potential. Once you reach age 59½, you may qualify for tax-free withdrawals of both contributions and any accumulated earnings. In addition, you're never required to take distributions, making a Roth IRA an effective option for both retirement and estate planning purposes.

THE POWER OF SAVINGS VEHICLES



$2011 CENTENNIAL SAVINGS CAMPAIGN

START SAVINGS TODAY!

Kappa Alpha Psi Federal Credit Union is proud to announce the Centennial Savings Campaign $2011.

Celebrating 100 Years of Achievement:

Every Kappaman's Commitment:

All members of Kappa Alpha Psi Fraternity, Inc. have an opportunity to make a deposit in any variation of 2011 as a rededication and focus on our approaching 100th years of history.

$20ll.00
$201.10
$20.11

Deposits can be made by check, money order, wire transfers and automatic payroll deductions. You have the flexibility to deposit as often as you want either weekly, monthly, quarterly or yearly. Should you have any questions, please contact:

P.O. Box 703047
Dallas, TX 75370
info@kapfcu.org

Your support will ensure that you have developed a secure savings foundation for your education, buinesses, families and retirement. We encourage you to invite your Silhouettes, children, siblings and employees to participate.

The creation of this type of savings plan can assist many of you whether you are just starting or expanding your savings portfolio.

KAΨ 100 YEARS 1911 – 2011

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Electronic EE Bonds

You can purchase, manage, and redeem electronic EE Bonds safely through a personal TreasuryDirect account.

A new program called SmartExchangeSM allows TreasuryDirect account owners to convert their Series E, EE and I paper savings bonds to electronic securities in a special Conversion Linked Account in their online account.

NOTE: Paper EE Bonds are still available for purchase through most local financial institutions or participating employers' payroll deduction plans.

Key Facts:

Buying Electronic EE Bonds

Sold at face value; i.e., you pay $50 for a $50 bond and it's worth its full value when it's available for redemption.

Purchase in amounts of $25 or more, to the penny.

$5,000 maximum purchase in one calendar year.

Issued electronically to your designated account.

Buying Paper EE Bonds

Sold at half their face value; i.e., you pay $25 for a $50 bond but it's not worth its face value until it has matured.

Purchase in denominations of $50, $75, $100, $200, $500, $1,000, and $5,000, and $10,000.

$5,000 maximum purchase in one calendar year.

Issued as paper bond certificates.

If you redeem EE/E Bonds in the first 5 years, you'll forfeit the 3 most-recent months' interest. If you redeem them after 5 years, you won't be penalized.

Who Can Own Bonds

Individuals, corporations, associations, public or private organizations, and fiduciaries can own paper Series EE/E Bonds. Effective April 2009, individuals and various types of entities including trusts, estates, corporations, partnerships, etc. can have TreasuryDirect accounts and own electronic savings bonds. See Learn More about Entity Accounts for full information on the new registration types.

Helping You Meet Your Financial Goals

Here is our Top 10 list of things to consider before you invest in bonds or bond funds:

Define your objectives. Is your investment objective to have enough money for your child's college education? Is your goal to live comfortably in retirement? If so, how comfortably? You probably have multiple goals. Lay them all out and be as precise as you can. Remember: If you don't know where you're going, you'll never arrive.

Assess your risk profile. Different bonds and bond funds, like stocks and stock funds, carry different risk profiles. Always know the risks before you invest. It's a good idea to write them down so they are all in plain sight.

Do your homework. You're off to a good start if you've come this far—but keep going. Read books and articles about bond investing from the library. Look up information on the Web. Start following the fixed-income commentary on financial news shows and in newspapers. Familiarize yourself with bond math. You should also read the bond's offering statement. It's where you will find a bond's important characteristics, from yield to the bond's call schedule.

If you're considering buying a bond fund, read the prospectus closely. Pay particular attention to the parts that discuss which bonds are in the fund. For instance, not all bonds in a government bond fund are government bonds. Also, pay attention to fees. Individual bonds also have prospectuses, which derive information from a bond's indenture, a legal document that defines the agreement between bond buyer and bond seller.

If you're buying individual bonds, locate a firm and broker specializing in bonds. Not all firms, and not all brokers, know the bond business. Talk to a number of brokers, and find one you are satisfied with. Make sure your broker knows your objectives and risk tolerance.

Ask your broker when, and at what price, the bond last traded. This will give you insight into the bond's liquidity (an illiquid bond may not have traded in days or even weeks) and competitiveness of the pricing offered by the firm.

Understand all costs associated with buying and selling a bond. Ask upfront how your brokerage firm and broker are being compensated for the transaction, including commissions, mark-ups or mark-downs. If you're not buying a Treasury bond, it's a good idea to assess whether the additional return is worth the added risk.

Plan to reinvest your coupons. This allows the power of compounding to work on your behalf. It's a good idea to establish a "coupon account" before you start receiving coupons, so that you have a place to save the money and are not tempted to spend it. If you are buying a bond fund, you don't have to worry about this—the fund does this for you.

Don't try to time the market. As hard as it is to time the stock market, it's even harder to time the bond market. Avoid speculating on interest rates. Decisions are too often made on where rates have been rather than where they are going. Instead, stick to the investment strategy that will best help you achieve your goals and objectives.

Don't reach for yield. The single biggest mistake bond investors make is reaching for yield after interest rates have declined. Don't be tempted by higher yields offered by bonds with lower credit qualities, or be focused only on gains that resulted during the prior period. Yield is one of many factors an investor should consider when buying a bond. And never forget: With higher yield comes higher risk.

KAPPA ALPHA PSI FEDERAL CREDIT UNION review

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