

Making Tax Time Easier

Good Record Keeping Makes Organizational and Legal Sense

If tax time for you means sorting through shoe boxes of receipts and wondering if you are claiming the most deductions allowable (or even wondering if you've found all those scraps of paper), it's probably time to change your filing system. Not only does getting organized make your tax filing easier, it also simplifies gathering your paperwork when you decide to refinance your mortgage, apply for another kind of loan, take out an insurance policy or in the event you are audited by the IRS (perhaps that is enough motivation in and of itself to get more organized).

Proof of Income and Expenses

Even if you keep track of your finances using financial software (such as Quicken or Microsoft Money), the IRS requires you to retain paper documents as proof of income and expenses. These basic records fall into four categories.

For	Keep
Income	<ul style="list-style-type: none"> · W-2 Form(s) · K-1 Form(s) · Brokerage Statements · 1099 Form(s) · Bank statements
Expenses	<ul style="list-style-type: none"> · Sales slips · Receipts · Invoices · Canceled checks or other proof of payment
Home	<ul style="list-style-type: none"> · Closing statements · Proof of payment · Purchase and sales invoices · Insurance records
Investments	<ul style="list-style-type: none"> · 1099 Form(s) · Brokerage statements · 2439 Form(s) · Mutual Fund statements

Source: IRS

In addition to keeping these basic records, you may need to keep records on file to support additional income and expenses. Common categories include alimony payments or income, the business use of the home, charitable contributions, losses due to casualty or theft, child care credit, education expenses, credit for care of the elderly or disabled, moving expenses and medical expenses. You'll find a complete list of categories on IRS.gov.

One question many taxpayers have is how long to keep their records. The answer depends largely on the type of paperwork in question. However, the IRS recommends that you keep your yearly copy (or copies) of Form W-2 Copy C until you start receiving Social Security benefits. The reason is that keeping this form can help protect your benefits if there is a question regarding your earnings in a particular year.



Holiday Closings

- Memorial Day · Monday, May 26
- Independence Day · Friday, July 4

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The Chalk Board is a quarterly newsletter publication for the benefit of STCU members.



The Chalk BOARD

March 2008

CEO'S CORNER



With the ever changing climate of the capital and credit market, it is reassuring that financial institutions in the Pioneer Valley are conducting business as usual. The consumer is bombarded with daily news of write downs to sub-prime mortgage securities, collapse of several hedge funds and the monoline insurers coming under extreme pressure. What is vitally important to the consumer is that the credit unions are open for business to serve the deposit and credit needs for both the consumer and business client.

In 2007, STCU Credit Union experienced an increase in our loans of 28.3% and deposits of 9.34%. We continue to encounter strong loan demand in 2008. Our delinquency levels are well below peer average, and our investment portfolio remains very conservative and strong to

meet future credit needs. We attribute this growth to our ability to service the credit request of the individual member and small business owner in a timely and cost efficient manner through technology, product, and knowledgeable staff. The other key fundamental is the credit union's commitment to the Pioneer Valley. STCU Credit Union will continue to strive for legislative change that will promote the soundness of the industry and protect our rights as a tax exempt not-for-profit cooperative, democratically controlled for the benefit of our members.

STCU Credit Union appreciates the requirements of our members and provides delivery channels that deliver their lending and account services over the web, audio response units and call center. The credit union's home banking, bill payment and lending services are secure and convenient. Remote deposit capture is scheduled to be rolled out in the summer, allowing individual and business deposits to be completed via the web. Audio response also provides around the clock support for balance inquiries, fund transfers and rate information. In 2005 we introduced our lending call center that operates 24X7, staffed with bi-lingual loan officers. After three years, we complete greater than 60% of our loan originations remotely from the web and/or call center. This truly provides the applicant a timely way to apply and receive a credit decision during non-traditional banking hours, while holding down the cost back to the credit union.

In 2005 STCU Credit Union changed its name from Springfield Teachers and its charter to a community base covering all persons that live or work in the tri-county region. This move has been the primary driver to the growth of our institution. We are now approaching 79 years in the Valley and continue to attract new families into the credit union while preserving our existing membership base.

The Credit Union is positioned in a marketplace that is over banked with a population growth that is less than robust, yet we maintain our commitment to serve the Pioneer Valley as demonstrated over the last eight decades. There will be further consolidations in Western Massachusetts banks and credit unions over the next few years. These consolidations will be needed in order to gain cost efficiencies to maintain a competitive edge and a strong market presence. These gains in cost efficiencies are vital in meeting the ever increasing delivery cost to our members, while operating in a safe and sound manner.

In closing, in tight economic times, it is reassuring to the public that credit unions place their emphasis on "people over profit."



STCU'S MISSION STATEMENT

"The Purpose of the STCU Credit Union is to: Serve Members' Changing Financial Needs... with Pleasure."

FILE THOSE TAX BILLS!

Those of you who have mortgages with STCU Credit Union and receive tax bills for the city or town in which your property is located can keep them for your files. It is not necessary to forward a copy of the tax bill to us. Each residential mortgage at STCU Credit Union is registered with a tax service which supplies us with a tax bill as they become due. Each city and town sends tax bills to the lending department for properties that taxes are escrowed. However, should you receive a past due notice, please contact the Credit Union so that we can resolve the matter.

Your mortgage statement will show the date and amount that was paid out of your tax escrow account. So, keep your property tax bill for your files.

Thank you for your cooperation.

John Klimas

Vice President of Lending

STCU CREDIT UNION SHOWS SUPPORT FOR FALCONS

More than 50 employees, friends and family members showed their support for the Springfield Falcons at a recent game.

The STCU Credit Union, sponsor of the evenings' game, has been an active supporter of the Falcons for some time. STCU understands that the Falcons hockey team is an integral part of the Greater Springfield Community and is proud to be included among their supporters.

Christopher Zarlengo, Vice President of Marketing, stated, "We're committed to do all that we can to keep the Falcons right here in Springfield as our home town team."



Getting the Most Out of Your Budget

No financial magician we know can give you a magical formula for creating a budget that works for you. There are some tips you can follow, however, that will help you get started.

First, stop thinking of it as a "budget" and start thinking of it as a "spending plan." And while the word budget usually means cutting back and doing without, it's not necessarily the cutting back as much as it is the spending in such a way to get what you really need or want without ruining your finances.

It's best to work on a plan in which your savings focus on financial goals, such as retirement, paying off debt, or even buying a car. Try these four steps:

Follow Your Money

Track each day's expenditures for a month, then decide what you can live with and without to change your spending habits. This may teach you new savings skills.

Review Fixed Expenses

While you can't avoid paying for food, housing, and utilities, you can find ways to trim those costs. For example, pay only for phone services you really need. Check other areas for cutbacks.

Cut Some Corners

Variable expenses like grocery bills and entertainment are areas where excesses are most easily trimmed. Cut corners by clipping coupons, buying in bulk, trying house brands, and looking for discounts. Pennies saved per purchase grow into dimes and dollars.

Set Goals

Decide what you want to accomplish and rank the importance of the goals. Target big items like saving for college or retirement, but don't ignore smaller prizes like family vacations.

Sticking to your budget can be accomplished easily if you set your mind to it and gain the cooperation of every family member. Remember, your credit union is a great place to set up savings plans for whatever goals you have in mind.

No Cash to Pay Your Taxes This Year?

We can help with a simple Tax Loan

April 15th is just around the corner. Will you be paying the IRS this year instead of getting a refund? Don't have the cash? A Tax Loan from us will help you take care of your obligation to Uncle Sam.

Why struggle or do without something important? A small Tax Loan from us will clear your tax debt—and clear your conscious—without your having to go without.

Although you can apply for an extension on filing your taxes (using IRS Form 4868—Application for Automatic Extension of Time to File U.S. Individual Income Tax Return), you are still responsible for actually paying your taxes by April 15th, even if you are unsure of the amount. The IRS, however, will give you four more months (until August 15th) to file your full return.

Whatever you decide—to file and pay or just to pay—we can help get you over the hurdle with cash.

Call or Stop in Today

Just pick up the phone and call 413-732-9812 or stop by for more information or an application. We'll take care of you so you can take care of Uncle Sam!



Keeping Tax Records

When it comes to record keeping for tax purposes, most people have two questions: "What records do I need to keep?" and "How long do I need to keep them?"

What Do I Keep?

The IRS requires that you keep records that prove your income and expenses, as well as copies of past returns. If you need a copy of a past return, including all attachments, such as W-2 forms, you can file Form 4506 with the IRS. There is a charge associated with filing. (If you need information from a tax return filed in the past 3 years and do not need copies of associated filing materials, you can request a transcript of your tax return free of charge by filing form 4506-T.)

The following is a list of records the IRS requires everyone to keep. (Note: If you use personal finance software such as Quicken® or Microsoft Money® to keep track of expenses, you still need to keep receipts and other "proof of purchase" documents (such as credit card statements) that prove the amounts you claim on your tax return.)

For income and expenses related to:	Keep:
Income	Form(s) W-2. Form(s) 1099, Bank statements, Brokerage statements, Form(s) K-1
Expenses	Sales slips, Invoices, Receipts, Canceled checks or other proof of payment
Home	Closing statements, Purchase and sales invoices, Proof of payment, Insurance records
Investments	Brokerage statements, Mutual fund statements, Form(s) 1099, Form(s) 2439

Source: Internal Revenue Service

In addition to basic records described in the chart, you must keep records for the following categories if they apply: charitable contributions, business use of your home, child care credit, credit for the elderly or disabled, alimony, casualty and theft losses, educational expenses, employee business expenses, IRAs, exemptions, gambling winnings and losses, Healthcare Savings Account and Medical Savings Account, medical and dental expenses, mortgage interest, moving expenses, pensions and annuities, taxes and tips. Specific information about what records to keep for these categories is available online at www.irs.gov/publications (look for publication 552).

How long do I keep it?

In general terms, you should keep all records associated with filing your return from 3 to 7 years. The IRS has established a period of limitations during which you can amend your return to claim a credit or refund or the IRS can assess additional tax to the filer. The IRS considers the period of limitations to start when the return was due, not when the return was filed. In most cases, this means April 15 of the tax year in question.

Period of Limitations

If you...	Then the period is...
1. Owe additional tax and 2, 3 and 4 do not apply to you	3 years
2. Do not report income that you should and it is 25% of the gross income shown on your return	6 years
3. File a fraudulent return	No limit
4. Do not file a return	No limit
5. File a claim for credit or refund after you filed your return after tax was paid	Later of 3 years or 2 years
6. File a claim for worthless securities	7 years

Beyond the paperwork you keep in association with filing returns, the IRS requires you to keep all records associated with selling or otherwise disposing of property until the period of limitations expires for the year in which you dispose of the property.

One thing the IRS recommends keeping indefinitely (or at least until you begin receiving social security benefits) is "Copy C" of your W-2s. This will help you protect your benefits if there is a question regarding your earnings in a particular year. You might want to bundle all of your past "Copy C's" and deposit them in your safe deposit box for safekeeping.



**STCU CREDIT UNION
Children's BOOK DRIVE**

**Children's
Book Month**

April 2008

Many underprivileged children across the state do not have the opportunity to grow and enrich their lives through reading.

There is a huge, on-going need at hospitals, shelters, libraries and children's literacy programs.

YOU CAN MAKE THE DIFFERENCE!

STCU is collecting books through the month of April for various community organizations. Please bring your donation to either of our office locations:
453 East Main Street • Westfield
145 Industry Ave. • Springfield