

Car loan promo extended

Does that Prius or Honda Insight look good? How about a Honda Accord hybrid? Cypress West wants to do it's part to keep this cool planet cool. So, if you purchase one of those, or any other hybrid, we will give you an extra cool 1/4% off your loan rate.

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Home equity at 6.5%! fixed rate for 12 months; Prime minus 1/2%* Ends March 31, 2006

This is how our home equity loan (HELOC) works:

- Rate is prime, presently 7.00% APR*; on March 31, 2007 rate goes to prime plus .5%
- Margin is .5%
- Maximum loan is \$100,000;
- Draw for five years, interest only;
- Repay for 15 years more;
- **NO PREPAYMENT PENALTY;**
- Access by phone, check, Web, or overdraft;
- No points or lender fees.

*Annual Percentage Rate

In this issue

HELOC Blowout.....	1
Hybrid car loan	1
Credit Card Gougers.....	2
Compare our card	2
IRA time.....	2
Bankruptcy & large IRAs.....	3
Financial Planning for the Rest of Us.....	3
The Summit® back.....	4

Credit card gougers on the prowl; little help from regulators

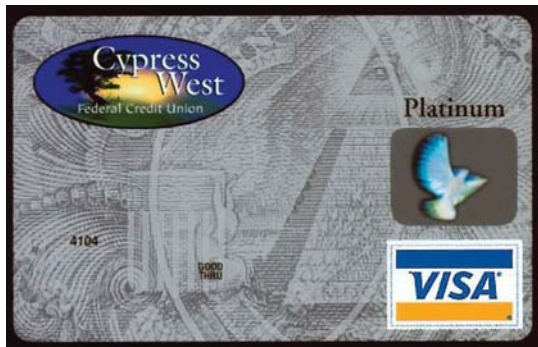


Where can consumers turn for relief? Not necessarily to the courts. About 45% of credit-card companies force customers to submit disputes to arbitration instead.

Regulators aren't likely to be of much use either. The card industry has an unusual degree of sway over its regulators, says Ed Mierzwinski of U.S. Public Interest Research Group. Card issuers can choose to be chartered as state banks, which are supervised by the Federal Reserve or the Federal Deposit Insurance Corp., or to be nationally chartered, putting them under the Office of the Comptroller of the Currency (OCC) or the Office of Thrift Supervision.

The majority of card issuers are overseen by an agency funded by the industry. The overwhelming majority of issuers now are overseen by the OCC, whose operations are funded by the card industry itself. "The OCC has a much greater incentive to be accommodating to card issuers because the banks always have the option of switching to another regulatory body if they don't like OCC policies," Mierzwinski says.

State attorneys general, who have long been aggressive in fighting abusive card-industry practices, were pushed aside last year when the OCC imposed rules asserting that it had sole legal authority to enact and enforce consumer protection regulations for national



banks and their state-licensed operating subsidiaries. "Simply put, the OCC rules will eliminate 50 cops from the beat," testified Roy Cooper, North Carolina's attorney general, before a congressional committee last year. Cooper said OCC officials, in their efforts to entice federal thrifts and state banks to become OCC regulated, behave like basketball coaches trying to recruit players. As a selling point, they tout rules aimed at preempting any role for states in consumer protection. Kevin Mukri, an OCC spokesman, says that such a charge is "ridiculous." He adds, "We have high standards of consumer protection at the national level."

Some of those consumer cops are pressing ahead despite the OCC's attempt to preempt. In December 2004, Minnesota's attorney general, Mike Hatch, filed a suit against Capital One, saying it used false, deceptive, and misleading TV ads, direct-mail solicitations, and customer-service telephone scripts to market credit cards with "low" and "fixed" rates that supposedly wouldn't rise, unlike those of their competitors' who were portrayed in TV ads as plundering barbarians. Yet a clause in the card agreement allowed Capital One to change interest rates for any reason. The case is still pending, and when asked for comment, Capitol One said it believes it has complied fully with the law.

For now, the greatest power that consumers have is in their own hands. Melanie Mills, whose credit-card rate was raised to a nosebleed level, has filed complaints about card-industry tactics with federal regulators. "As a citizen," Mills says, "the only power I have is to withdraw my business from these companies and encourage friends, family, and business partners to do the same."

Your credit union offers "no-surprises" card

Compare ours to theirs. Fill in the blank. CWFCU: nothing fancy and nothing exploitive. Theirs?

CWFCU terms	Their terms
New purchases APR: The standard rate is 9.40%	
Balance transfer APR: The standard rate is 9.40%	
Cash Advances APR: The standard rate is 9.40%	
Late Payment Fee Min: \$25.00 or 10% of the past due amount to a max. of \$100 when late 10 or more days.	
Transaction Charges on Purchases: None	
Over Limit Fee: 10% of the over-limit amount with a min. of \$25.00 and a max. of \$100.	
Annual Fee: \$0.00	
Grace Period: 25 days on purchases if balance is paid in full. None on cash advances.	
Minimum Finance Charge: None	
Balance Calc. Method: Average Daily Balance	
Cash Advance Fee: None when the cash advance is made at this credit union. Third parties may charge a fee.	

Bankruptcy may not protect large IRAs

A recent U.S. Supreme Court ruling and new federal law have extended bankruptcy and lawsuit protection over most assets in individual retirement accounts. But the protection may not be complete for owners of large IRAs, caution financial planners.

Under federal ERISA law, assets held in most employer-based retirement plans such as 401(k)s, pension plans, 403(b)s, and profit-sharing plans have generally been beyond the reach of creditors. But IRAs were not protected on the federal level. Some states protected IRAs, but many provided no protection or only limited protection.

Also unprotected, unless by a particular state, were SIMPLE IRAs, used by small employers; plans established by the self-employed with no employees other than the owner and spouse, such as a simplified employee pension (SEP) plan or individual 401(k)s; and annuities not held inside a protected employer plan.

Consequently, workers retiring or changing jobs, or those most vulnerable to possible lawsuits, such as doctors, have often been reluctant to roll assets from protected employer-based plans into IRAs—even though that might have been the best strategy from an investment and estate planning standpoint.

Then, in the time span of a little over two weeks this April, all that changed.

First, the U.S. Supreme Court unanimously ruled that assets held in IRAs,

both traditional and Roth, generally are protected from creditors. The case concerned a couple who had rolled their \$55,000 in company pension and 401(k) assets into an IRA, only later to have creditors try to seize the IRA after they filed for bankruptcy protection due to hard times.

But the Supreme Court ruling left an important issue unresolved. It said that assets in IRAs were protected only to the extent of what might be considered “reasonably necessary” to support the IRA owner and his or her dependents. Anything above that value could be seized by creditors (depending on the laws of the state of residence). But it didn’t define what constitutes “reasonably necessary.”

Slightly over two weeks later, Congress passed and President Bush signed the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. Among its many provisions, the law resolved some questions left after the Supreme Court ruling and further strengthened protection of IRAs as well as plans for the self-employed.

Especially important to participants in employer-based retirement plans is that the bankruptcy act says that all assets

Continued on Page 4

Financial planning for the rest of us

Are you on track for retirement or college savings for you (yes, you can use a 529 plan for yourself!) or your children or grandchildren? Too much insurance? Too little, or just not sure? Do you need a will or trust? How sure are you about that annuity? Talk to Jim.

Jim has 25 years of experience in finance and small business and is a Certified Financial Planning® professional** and has been awarded the AIF® (Accredited Investment Fiduciary®) designation. The AIF designation requires that he *act in the best interests of the client*. He does not sell any products and makes no commissions. If you need financial products, he has a great team of professionals he can refer you to. Or you can use your own. He is paid by the hour and/or charges a small percentage of any assets which you ask him to manage.

For your free consultation, a free seminar for your company, or if you want to discuss a particular situation, call Jim today at 415-337-4566. If outside Northern California, call 866-882-7817.

*Jim Frazin, CFP® is an Investment Advisory Representative of First Affirmative Financial Network, LLC, an independent investment advisory firm registered with the SEC. Investments are not federally insured by NCUA/NCUSIF or FDIC and are not credit union guaranteed and may lose value.

**I will give you an estimate for any work you request before we sign an engagement letter. If an evaluation will take substantially more than three hours, the estimate may be higher than \$360.

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Bankruptcy may not protect large IRAs

Continued from Page 3

rolled over from these plans into an IRA, and all subsequent earnings made inside the account attributable to the rollover, are protected from creditors, regardless of the amount of the rollover. That should remove much of the reluctance among investors to move most retirement plan assets into IRAs if they decide that's the best financial strategy.

While IRAs have unlimited protection for certain rollover amounts, such is not the case for original (nonrollover) contributions by the owner to traditional and Roth IRAs. The bankruptcy act put a price tag on the "reasonably necessary" amount that might be protected in these IRAs—\$1 million. That is, if the aggregated value of your original contributions and their earnings to traditional and Roth IRAs

exceeds \$1 million, the amount above \$1 million (excluding any protected rollover amounts) could be vulnerable to creditors. That \$1 million amount is indexed annually to inflation.

Most investors building an IRA from scratch won't exceed the \$1 million limit, since annual contribution limits to traditional and Roth IRAs have been relatively low for the past two decades. And the bankruptcy act allows bankruptcy courts to permit the IRA owner to keep more than \$1 million if it is in the "interest of justice" (though the act did not spell out what constitutes an interest in justice).

All of this emphasizes the importance of making sure you roll any money from employer-sponsored retirement plans and pensions into separate "rollover" IRAs designed

specifically for such rollovers. Try to avoid mixing rollover dollars inside a traditional or Roth IRA you've been funding from scratch because it makes bookkeeping complicated. Keep accurate records to document rollovers, too.

Nonqualified annuities—annuities not held within qualified retirement plans—do not fall under federal creditor protections established by the Supreme Court and Congress. Depending on state law, those assets may remain vulnerable to creditors.

December 2005— This column is produced by the Financial Planning Association, the membership organization for the financial planning community, and is provided by James A Frazin, CPF®, AIF®, a local member of the FPA.

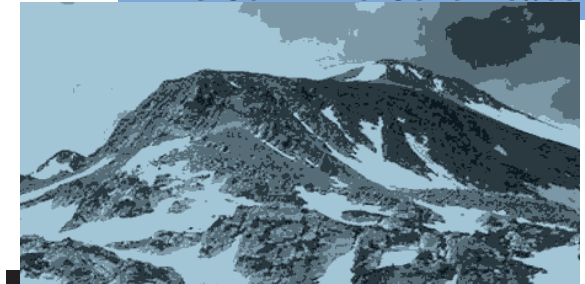
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 Share draft/ATM Card

LOANS
 Vehicle
 New
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CU Holidays

The credit Union will be closed:

Monday, January 16, in observance of *Martin Luther King, Jr.'s birthday*

Monday, February 20, in observance of *Presidents' Day*.

Friday, April 14, (half day, from 1 PM on), in observance of *Good Friday*