



ALLIANT
credit union

kidz klub new

March 2008

the newsletter for young members of Alliant Credit Union



contents

- 1 A dollar sure isn't what it used to be
Where's George?
- 2 It's cool to save for school with a Coverdell Education Savings Account (ESA)
Free! The Encyclopædia Britannica® 2008 Ultimate Reference Suite DVD
"On the money" quotes
Member Service Notice
Words of wealth crossword

kidz klub lesson

A dollar sure isn't what it used to be

It's the year 2106. Your great-great-granddaughter has just finished a wild game of soccer. She's thirsty for a soda. At the vending machine, she reaches into her gym bag for change. She's in luck. She has just enough loose change:

27 one-dollar coins, 1 dime, 1 nickel, 2 pennies
Are you kidding? \$27.17 for a soda!

No joke. If prices increase as much in the next 100 years as they did during the last 100, that's what today's \$1.25 soda will cost.

Your great-great-granddaughter had better hope that allowances are 22 times bigger as well.

What goes up, keeps going up



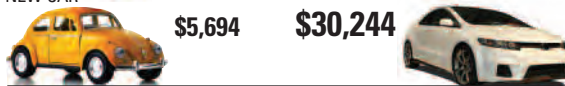
Think of what else you can buy for \$1.25 today. Whatever it is, your parents would've paid much less for the same thing when they were your age.

In fact, the price of almost everything goes up year after year. Usually it's only a few cents for every dollar. But after several years, this general price increase—called inflation—can add up to a big difference. Over time, your \$1.25 buys less and less stuff.

As you can see on the chart at the top right, in 1970, \$1.25 was enough to buy four loaves of bread with a nickel left over. But 36 years later, \$1.25 won't even buy a single loaf.



Here are some examples:

	AVERAGE PRICE 1970	AVERAGE PRICE 2006	
LOAF OF BREAD	\$0.30	\$1.59	
ATHLETIC SHOES	11.70	\$62.15	
NEW CAR	\$5,694	\$30,244	

Buying power

Economists say that inflation causes a dollar's purchasing power – how much it can buy – to decline.

Here's another example: Let's say your family could live comfortably on earnings of \$10,000 a year in 1970. In other words, \$10,000 paid for all the food, housing, clothes, car expenses and entertainment you needed then. With inflation causing prices to rise and buying power to fall, 36 years later your family would need \$51,521 to buy the same comfort.

Luckily, income also rises over time for most people and the annual rate of inflation in the United States is usually 10%. Recently, U.S. prices (except for items, such as gasoline) have increased at an average of only 2% to 3% per year. Still, if your yearly income doesn't increase by at least that amount, your buying power is falling behind.

Adapted from CUNA

Where's George?

Have you ever thought about how many people see George every day? George who? George Washington. Our first president, whose portrait is on the one-dollar bill.

For starters, consider the number of one-dollar bills in circulation. At least 8 billion, according to the U.S. Federal Reserve, the government agency that monitors our money supply. To help you understand this number, here are two ways to look at it:

- It's about 3,000 miles between New York City and Los Angeles. If you laid every one-dollar bill end to end, you could make 247 trips between these two cities before running out of money.
- If you stacked up all the one-dollar bills, the tower of money would be over 45 miles high.

The life of George

Each dollar bill costs 44¢ to print and weighs 0.032 ounces. It has the

shortest life span of all our paper money. It lives, on average, just 18 months. After it's printed, the federal government distributes it to financial institutions. Then, just about anything can happen to it.

A dollar bill can change hands several times a day or be carried in a wallet for weeks. It can cross state lines and even travel to other countries. Plus, it can go in machines and out of machines. If you're not careful, it can even go through the wash.

Adapted from CUNA

DIVIDEND

April dividend

DECLARED MARCH 20, 2008

The April 2008 Savings and IRA dividend, declared 3/20/08, provides a Compounded Annual Percentage Yield of 4.35% APY. Dividends are paid on the last day of the month to accountholders who have maintained an average daily balance of \$100 or more. Savings and IRA dividend is subject to change monthly.

The April 2008 Checking dividend, declared 3/20/08, provides a Compounded Annual Percentage Yield of .25% APY. Checking dividends are paid on the last day of the month to accountholders who have maintained an average daily balance of \$1,000 or more. Checking dividend is subject to change monthly.

New* *New* *New

Jumbo Share Certificates as high as
4.40% APY
(minimum \$25,000 deposit)

Regular Share Certificates as high as
4.00% APY
(minimum \$1,000 deposit)

Flexible terms from 12 to 24 months. Visit www.alliantcreditunion.org for complete terms and conditions.

It's cool to save for school with a Coverdell Education Savings Account

When it comes to saving for school, Coverdell Education Savings Accounts (ESAs) rule!

Kids who grow up with more education usually earn more money. So what's the best time for you and your family to start saving for your education? How about now? Giving yourself an early start gives your money more time to grow.

Tell your family how an ESA from Alliant, unlike a regular savings account, will help your savings for school grow faster and the money won't be taxed.¹ And let them know that ESAs are a great way to save for college, but the money in the account can also be used for grade school and high school education.

Plus, it's different from other kinds of savings accounts. You can take out the

money whenever you want. And you won't have to pay taxes or other penalties for doing so if you use the money for qualified education expenses, which include:

- tuition and fees
- books and supplies
- computers to be used for education
- transportation
- and, in some cases, room and board

Call an Alliant Member Services Representative at 800-328-1935 for more details and to start your Coverdell ESA today!

¹ Ask your family to consult a financial advisor about potential tax savings



“On the money” quotes

“I can't understand why a person will take a year to write a novel when he can easily buy one for a few dollars.”

Fred Allen, radio funny man

“At my lemonade stand, I used to give the first glass away free. And I'd charge \$5.00 for the second glass. The second glass contained the antidote.”

Emo Philips, stand-up comic

“If I was being paid \$30,000 a year, the least I could do was hit .400”

Ted Williams is the last slugger to hit .400. He retired from baseball in 1960. Back then, \$30,000 was big-time money for a major league baseball player. Now, it's chicken feed. Today, lots of baseball players are millionaires. The highest paid: New York Yankee Alex “A-Rod” Rodriguez, who enjoyed a \$25 million salary last year.

Member Service Notice

Certain fees increasing on your account.

Effective May 1, 2008, Alliant will raise certain account transaction fees. Please refer to the enclosed Fee Schedule for a complete list of fees.

Attention!

Alliant's Error Resolution Notice and Privacy Policy Notice are enclosed, for your reference, with your statement.

Free! The Encyclopædia Britannica® 2008 Ultimate Reference Suite DVD

When you open a Coverdell ESA with Alliant, you'll receive the Encyclopædia Britannica 2008 Ultimate DVD for FREE. This DVD



features three age-appropriate encyclopedias, two dictionaries, two thesauruses, a complete atlas and more. Hurry, available while supplies last.¹

¹ Upon opening your Alliant Coverdell ESA, you'll receive a free Encyclopaedia Britannica 2008 Ultimate DVD delivered to your address. One Encyclopaedia Britannica DVD per account. Offer extended while supplies last. Please allow four weeks for delivery.

Words of wealth

How well do you know your money? Take this crossword puzzle to find out.

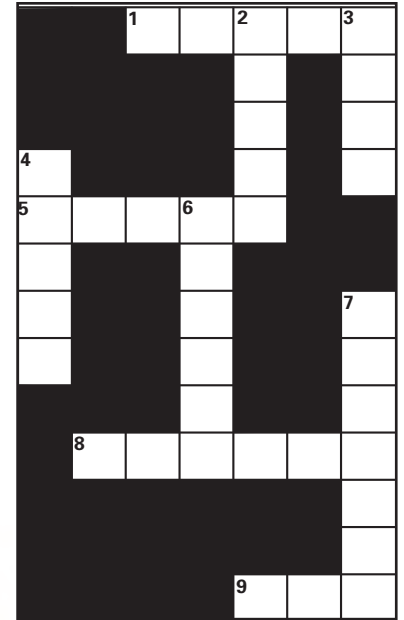
ACROSS

1. Ten _____ equal one dollar
5. One cent
8. An amount equal to four quarters (or 100 pennies)
9. You can buy this with an auto loan

DOWN

2. You can spend it or save it
3. Put money aside for the future
4. To buy something, you must _____ money
6. Coin that equals five cents
7. Coin that equals twenty-five cents

Source: CUVillage.com



Across: 1. dimes 5. penny 8. dollar 9. car
Down: 2. money 3. save 4. spend 6. nickel 7. quarter

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