

Board of Director petitions due February 2

According to the bylaws of Arizona Federal, members who have joined the credit union by December 31, 2006, are eligible to run for election to the Board of Directors.

Candidates may be selected by a nominating committee or by submitting a petition signed by at least 500 Arizona Federal members. Biographical information on nominees selected as of December 31, 2006, is printed below. For petition information, call (602) 683-1032. The deadline for submitting a petition is February 2, 2007.

Don Ayers*

Don Ayers has been a member of Arizona Federal for 18 years. He was elected to the Board of Directors in 1991. For the past 15 years he has served as Board Chairman, Vice Chairman, Treasurer, Secretary and Director.

Don retired from the City of Mesa in 2004 where he served as Finance Director for 13 years. Also, he was a CPA in Arizona until his retirement. He has a Master's degree in Accounting from Arizona State University. Don worked for 34 years in several financial/administrative positions for four different cities.

If re-elected to the Board of Directors, Don will continue to push for additional branches and ATMs for the convenience of Arizona Federal's members. He will keep working to ensure that Arizona Federal continues to offer members very competitive loan interest rates.

Maggie Gerring

Maggie Gerring has lived and worked in Tucson for over 20 years. She helped to establish the South Park/Pueblo Gardens Community Credit Union in 1995 and was manager of the small neighborhood credit union until its merger with Arizona Federal in 2001. As manager and sole employee for the first year and a half, she hired and trained all additional employees, set up the office and the networked computer system, and oversaw the growth of the new credit union from occupying a 10 by 10 foot room to four employees occupying a 1000 square foot office; from opening the first account to a membership approaching one thousand. The credit union served a low- to moderate-income community, and Maggie retains her interest in providing services which will be relevant to this membership, while also accommodating the growth of services important to all Arizona Federal members.

She was an employee of Arizona Federal in the Marketing Department and at Tucson's Broadway Branch until her retirement two years ago. Educated as a chemist, she worked as a teacher and analytical chemist for over twenty years, and retains her interest in education, especially financial education, as an important facet of the credit union's services.

Luis Ibarra

Luis Ibarra is currently the President and CEO of the Friendly House, a community-based family service organization serving the Valley since 1920. Luis is the past Senior Vice President of the Valley of the Sun United Way. Luis is a graduate of the School of Social Work at Arizona State University and has extensive experience in health and human services, organizational management, staff development, family therapy and leadership development.

Luis is a graduate of Valley Leadership and served on the Board of Valley Leadership for six years including a term as Chairman of the Board. He also served six years on the Arizona State Bar Board. He is currently involved with the Governor's Commission on Juvenile Justice. Luis also participates as an community advisor to the Governor's Office, Phoenix Mayor's Office, Glendale's Mayor's Office, ASU President's Office and Maricopa Community Colleges Chancellor's Office.

Luis also participated with Arizona Federal staff to develop a hispanic marketing initiative as a community volunteer. As a member of Arizona Federal, he has a commitment to help the credit union grow stronger and to provide the highest quality of services to its members.

J.R. Pooler*

A member of Arizona Federal for 37 years, J.R. Pooler has spent more than half of that time on the Board serving terms as Secretary, Treasurer, Vice-Chairman and Chairman. He has seen Arizona Federal experience incredible growth in assets, service capacity and technological advancement while maintaining an emphasis on safety and soundness. That emphasis resulted in loan interest refunds to members of more than \$6 million over the last 5 years.

J.R. currently is principal of his engineering consulting firm, Pooled Resources, and in 2003 completed a 30+ year career as Engineering Manager for the City of Tempe. He has put his facilities expertise to work for the credit union by assisting in the strategic planning of expansion of our branch and ATM network, which will improve member service.

J.R.'s goals for the credit union include continued asset growth accompanied by increased investment in members through expanded services, simplified processes and applied technologies. He is committed to Arizona Federal's philosophies of "people helping people" and "safety and soundness."

Jarret M. Sharp

Jarret Sharp has been a member of Arizona Federal since his marriage to his wife Jamie almost ten years ago. Since that time, he has been the honored recipient of the great service that defines the credit union.

Jarret is very familiar with community service since earning his Eagle Scout in 1987. Since that time he has served in various leadership roles with the Boy Scouts of America. Jarret also served with the Glendale Parks and Recreation Advisory Board. Jarret is an award winning educator, coach and administrator, once the recipient of Target's Top 100 Schools in America. Currently he is a mentor at Thomas J. Pappas, a regional school for homeless children.

Jarret served with the Arizona Army National Guard for five years as a Forward Observer helping to train soldiers and keep our nation safe and secure.

Jarret earned two Masters in Education degrees from Chapman University and holds a Bachelor's of Science from Brigham Young University. He has over ten years experience as a special education teacher and school administrator. Jarret has exceptional business acumen, consulting with businesses in facilitating exponential sustainable best practices.

Jarret's commitment to Arizona Federal members is to preserve the traditions of excellence and assist in providing cutting edge technological and financial support to the growing customer base.

Kelvin Smith*

Kelvin Smith has been involved with credit unions for 36 years. He began his membership at Arizona Federal when he purchased a car and wanted to take advantage of credit union financing. Kelvin is heavily involved in community volunteer service by coaching children's soccer, and basketball teams. He has also served four years as a captain of a volunteer fire company in Pennsylvania.

Kelvin has been involved in serving the public for over 34 years and started his own business three years ago to provide financial guidance and management assistance to communications companies. If re-elected to the Board, Kelvin says he will continue to seek input from the members on current services and their desire for new services. He believes that by seeking member input, Arizona Federal will become the best credit union in the state. "My focus always has and will continue to be the safety and soundness of Arizona Federal as we continue into the next millennium." Kelvin most recently voted to return \$10 million dollars to the members of Arizona Federal. "The return of capital to our members is what sets Arizona Federal apart from other financial institutions. It is our goal to remain member-oriented."

Member Advantage

Vol. 8, No. 1 • January 2007



Feature article: **\$10 million reasons to be a member!**

Also in this issue: File your taxes online
Clearing up IRA confusion

You have \$10 million reasons to be a member!

In the philosophy of "people helping people," credit unions return their accumulated capital back to their member-owners throughout the year by offering lower loan rates, higher yields, new branches and more.

In addition to these valuable offerings, **this year Arizona Federal's Board of Directors were honored to announce the distribution of \$10 million to our member-owners** as a way to thank and reward them for participating in our not-for-profit financial cooperative.

"It's part of our purpose as a credit union to create value for our members," said CEO Ron Westad. "The greater the utilization of our services, the greater the benefits we can generate on our members' behalf," he added.

"This member return is a rather profound example of creating value, and is also indicative of the financial stability we've achieved over the years through members' participation with us and our retention of their account relationships," he continued.

Ten million dollars is our largest return ever! The amount each member received was determined by their dividends earned on shares and interest paid on loans. This means the more you used the credit union, the more you earned. Members who met the following criteria received a return:

- A positive balance in a main savings account.
- No bankruptcies.
- Up-to-date loans (not more than 30 days past due).
- Loans more than 30 days past

due will *only* receive a return from dividends earned on shares.

Rodney E. Hood, Vice Chairman of the National Credit Union Administration (NCUA), celebrated the historic member return at an official announcement to declare the good news.

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Arizona Federal Board of Directors (clockwise from the top): J.R. Pooler, Don Ayers, Monroe Warren, Tom Burgess, Jack Thomas, Cathleen Gleason, Roy Levenda and Tim Black. Not pictured: Kelvin Smith.

New Valley branches deliver more convenience for members



A visitor at our Buckeye In-Store grand opening spins the prize wheel while Arizona Federal employee Maribel Gil (right) waits to award him with a prize.

New branches in convenient locations are just one of the ways we return value to our membership throughout the year.

On December 15, we opened an In-Store branch at the Fry's Marketplace in Buckeye at 1300 S. Watson Rd., on the southwest corner of Watson and Yuma.

Santa and his elves

dropped by the grand opening on December 16 with cookies and cocoa for all. Santa listened to the wish lists of many eager children, and even took time to pose for pictures.

We're also looking forward to introducing two more new branches in January, bringing our total number of locations to 25 throughout the Valley and Tucson. Stop by one of these new branches the next time you're in the neighborhood!

Look for our two newest branches coming soon!

16th Street and Southern Avenue branch:
1505 E. Southern Ave. (west of 16th Street on Southern)

Laveen In-Store branch:
Inside Wal-Mart at 1650 S. 35th Ave. (35th Ave. and Southern)

How Individual Retirement Accounts (IRAs) work: Clearing up the confusion

Saving for retirement can seem like a daunting task, but maybe it's not as confusing as it seems. With a little help, you can be on track to a bright financial future. Consider investing in a Roth or traditional IRA. There are a few key differences between Roth and traditional IRAs:

Roth IRA	Traditional IRA
Eligibility: You can be any age, but there are certain income limits. These include: <ul style="list-style-type: none"> • \$50,000-60,000 for single filers • \$80,000-100,000 if you're filing jointly 	Eligibility: You must be 70 1/2 or under. A working spouse may also be eligible.
Maximum Contribution: <ul style="list-style-type: none"> • \$4,000 if you're under age 50 • \$5,000 if you're over age 50 	Maximum Contribution: <ul style="list-style-type: none"> • \$4,000 if you're under age 50 • \$5,000 if you're over age 50
Tax Advantage: Earnings grow tax-free if the account is five years old and you're 59 1/2, a first-time homebuyer or you become disabled or die. <ul style="list-style-type: none"> • Earnings are non-deductible. • A 10% penalty may apply if you withdraw money before age 59 1/2. • Penalty is waived for education, medical or first-time home expenses (up to \$10,000). 	Tax Advantage: Earnings grow tax-deferred until time of withdrawal. <ul style="list-style-type: none"> • Earnings may be tax deductible based on income. • A 10% penalty may apply if you withdraw money before age 59 1/2.
Withdrawals: No mandatory distributions.	Withdrawals: Must withdraw money at age 70 1/2.

Now that you understand the key differences, remember that investments like these help you prepare for your retirement. The sooner you start saving, the more prepared you'll be when retirement arrives. There are many ways to put your IRA money to work. Arizona Federal's investment representatives* can help you plan your financial future by offering you a wide range of options. To contact a representative, call (602) 683-1000 or 1-800-523-4603 if outside Maricopa County.

* Mutual funds, annuities and other investments available through AIG Financial Advisors are not federally insured; are not obligations of the credit union; are not guaranteed by the credit union or any affiliated entity and involve investments risks, including the loss of principal. Securities offered through Member NASD/SIPC.

Member Advantage

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 Arizona Federal
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 Editors: Kristin Leabo, Kara Kahnke,
 Melissa Culbertson

- Board of Directors**
- Cathleen Gleason Chair
 - Kelvin Smith Vice-Chair
 - Monroe Warren, VAP*, VLP* Treasurer
 - J.R. Pooler Secretary
 - Don Ayers Director
 - Tim Black Director
 - Tom Burgess Director
 - Roy Levenda Director
 - Jack Thomas Director
- *VAP = Volunteer Achievement Program designee
 *VLP = Volunteer Leadership Program designee

You have \$10 million reasons to be a member!

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"The value that members gain from the member-owned cooperative structure of their credit union illustrates the 'credit union difference' in a community," said NCUA Vice Chairman Hood in his remarks during the announcement.

He continued, "Arizona Federal is putting the credit union philosophy into practice in an impressive and visible manner that demonstrates their commitment to their members; their high quality of member service that built the earnings they are returning to their members; their commitment to investing in their community by returning dollars that will stimulate economic growth; and their reputation for the future as a trusted financial partner for over 200,000 members."

We know we wouldn't have had such great financial success without our members. We will continue to provide you with value each day by offering competitive rates on our financial products and by standing behind our promise to be "the credit union for the way **you** define service."

Interest rebates will reduce the amount of interest paid on loans by the amount of the rebate; and the reduced amount will be the amount reported to the IRS. The rebate is not taxable as dividend income, but is classified as an interest rebate on interest paid in 2006. Bonus dividends are taxable dividend income in 2006 and will be reported to the IRS.

It's part of our purpose as a credit union to create value for our members.

— Arizona Federal CEO Ron Westad



News & Notes

Keep your year-end statement

Your year-end statement contains important dividend information that you may need for tax purposes. Be sure to keep it and any other records in a safe place.

Shared branching deposits notice

Due to a change in Shared Branching policies, beginning January 1, 2007, the funds from your paycheck or payroll deposit at a Shared Branching location may be subject to immediate withdrawal restrictions. For more information, please call (602) 683-1000.

Scholarship applications due in April

We are now accepting applications for Arizona Federal's Bob Bresnahan Memorial Scholarship, a \$1,000 scholarship awarded annually to at least three graduating high school seniors.

The Bresnahan Scholarship is named in memory of the late Bob Bresnahan, who was a member of Arizona Federal's Board of Directors for more than 10 years.

- To be considered for the scholarship, a graduating senior must:
- Be an Arizona Federal member in good standing.
 - Have a cumulative GPA of at least 2.5 on a 4.0 scale.
 - Plan to attend an Arizona college, university or community college as a full-time student.
 - Submit a completed application and two letters of recommendation from instructors or employers, postmarked by April 3, 2007.

Applicants will be reviewed by a committee of Arizona Federal volunteers based on GPA, financial need, understanding of credit union philosophy, community service and letters of recommendation.

To receive a scholarship application, visit any Arizona Federal branch or ArizonaFederal.org or call (602) 683-1556.

Holiday schedule

- All Arizona Federal branches will be closed on the following dates:
- **Martin Luther King Day - Monday, January 15, 2007**
 - **Presidents Day - Monday, February 19, 2007**
- For your convenience, branches with Saturday hours will be open on Saturdays during holiday weekends.

Free education seminars in January

Four free member education seminars will be held this quarter presented by BALANCE:

- **10 Steps to Financial Success (presented in Spanish)**
Monday, January 22; 6-7:30 p.m.
- **Solving the Mystery of Credit Reports (presented in Spanish)**
Tuesday, January 23; 6-7:30 p.m.
- **Plastic Surgery: Getting Out of Debt (presented in English)**
Wednesday, January 24; 6-7:30 p.m.
- **Solving the Mystery of Credit Reports (presented in English)**
Thursday, January 25; 6-7:30 p.m.

The seminars presented in Spanish will be held at the Friendly House at 802 S. First Ave. in Phoenix. The seminars presented in English will be held at Arizona Federal's Operations Center at 333 N. 44th Street.

Space is limited; to register or find out more about these free seminars, visit ArizonaFederal.org or call (602) 683-1556.

Apply for a grant for your volunteer organization

Arizona Federal members who volunteered at least 25 hours for a single nonprofit organization during 2006 may be eligible to apply for a grant for that organization through Arizona Federal's Community Partners program. Grant applications must be received by March 1, 2007. Applications are available in any branch, at ArizonaFederal.org or by calling (602) 683-1556.

File your taxes online

This year there are two easy ways to file your taxes! If you're a confident "do-it-yourselfer," then use **TurboTax Online™** to prepare and file your taxes. A second option is to use **PrepareMyReturn** and let a personal tax professional prepare and file your taxes ... all from the comfort of your home!

Links to both options are available through ArizonaFederal.org. You can even have your refund deposited directly to your Arizona Federal account. To do so, you will be asked to provide Arizona Federal's routing number, which is 322172797.

Accounts and Services of Arizona Federal Membership Agreement

Overview: Periodically, the credit union updates the Accounts & Services Membership Agreement to ensure the content is aligned with forthcoming changes in service offerings and changes to the rules and regulations that govern us. We have made changes to the Membership Agreement and this Change in Terms Notice is a recap of those changes.

What this means to you: Some of the changes clarify existing text. For example, text may be **bolded** to place emphasis on disclosures to help you make the right decisions about managing your account. Other changes include added text based on regulatory requirements.

Effective date: The revised Accounts & Services of Arizona Federal Membership Agreement will be effective **January 31, 2007**. You may obtain a copy of the revised agreement at any branch or by calling (602) 683-1000 and requesting a copy be mailed to you.

Changes to the ACCOUNTS & SERVICES OF ARIZONA FEDERAL MEMBERSHIP AGREEMENT

In the **Membership, Account and Account Services Agreement** section, the text has been modified to add clarity to our obligation under the USA PATRIOT Act. In

the "Member" and "Owner" definition sections, the words "entity" and "person or entity" have been added to clarify that membership and account ownership may be established by a business entity. Clarification about ownership of an Individual Retirement Account has also been added. In the **Collection of Deposits** section the words "other/local" and "agreements" has been added to clarify Clearing House Rules. Text has been added to the **Transactions From Your Accounts** section to create awareness of liability transfer to the Member when large withdrawals of cash are requested and transported from the Credit Union by the Member. The **Rights of Survivorship** section now includes a statement that Member Business and/or Member Organization accounts are not subject to a right of survivorship. The **Periodic Statement** section under the Right to Documentation paragraph clarifies that monthly account statements may be made available to you via a notice of availability. In the **Account Statements and Notices** section, we added text to clarify the means under which electronic statements may be provided to you and text that explains your duty to promptly examine the statements provided.

Please refer to the revised Accounts & Services of Arizona Federal Membership Agreement for the specific terms and conditions.

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 (1-800-523-4035)
 www.ArizonaFederal.org
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