



Make the Tax Season Less “Taxing”

Are you benefiting from all the tax advantages available to you? Here are a few tax ABC’s that may help.

The Earned Income Tax Credit (EITC)

The EITC is designed to assist lower-income working people by reducing taxes paid, or giving a credit, even if no tax is owed.

To qualify for the EITC, you (or your spouse) must have a job, have wages below a certain level, and file a federal tax return. If you’re not working now, but you earned income last year, you still may be able to claim the EITC on this year’s tax return. You can find specific guidelines and income thresholds on the IRS Web site at irs.gov (search for earned income tax credit).

Voluntary Income Tax Assistance

Tax forms can be complicated, and you may want some help completing yours. The IRS’ VITA program offers free help for low to moderate-income taxpayers, those earning \$40,000 or below.

VITA’s trained volunteers can determine whether you qualify for the EITC or other tax credits, prepare your forms, and file your tax return electronically. Most VITA sites are located in community centers, schools, shopping malls, and similar locations. To find the site nearest you, call 800-829-1040.

Refund anticipation loans

If the IRS owes you a refund, it may be tempting to accept a “rapid refund,” or “instant refund.” Several national tax-preparation firms offer this option, which many people don’t realize is actually a high-interest loan, or Refund Anticipation Loan (RAL).

RAL’s are short-term cash advances through large banks secured by consumers’ expected tax refunds. The interest rates for these loans are astounding, averaging between 70% and 1,700% nationwide. They usually only speed up the refund process by a couple of weeks--then consumers’ tax refunds pay off the loans and fees.

It’s better to wait for your refund, but if you do need cash immediately, talk to a loan officer at Kitsap Credit Union about the possibility of a small loan. Contact us today at 662-2000 for more information.

Tax Records: What to Keep, What to Toss

When it comes to tax-related documents, good recordkeeping means knowing what to toss, what to keep and for how long. The IRS doesn’t require you to keep records in any particular way, so develop a system that helps you and the IRS figure your correct tax.

Keep track of expenses

Collect receipts that document tax deductions throughout the year. Consider designating a file for each tax credit, such as child care; and for each deduction, such as medical expenses, charitable contributions, mortgage interest, real estate taxes, alimony, and casualty losses. Cash payments require a dated and signed receipt showing the amount and description of what was purchased.

If you use a software package for recordkeeping, you’ll need to produce proof of payment, receipts, and other documents to prove amounts on your return.

Organize home records

Keep closing statements, purchase and sales invoices, and proof-of-payment and insurance records. Keep improvement records until you sell the home.

Just hang on

Keep W-2’s, 1099’s, brokerage and financial statements to prove income at least three years after you file, or longer if necessary. Some experts advise keeping copies of tax returns forever, and supporting documentation for seven years. IRS guidelines state that you should keep documentation for deductions at least three years, but if you’ve underreported income by 25%, the IRS can audit up to six years later. If you filed a fraudulent return or didn’t file one at all, all bets are off--an audit can occur at any time.

Shred or burn

Get rid of receipts that don’t document a tax deduction or that aren’t for large purchases or warranties. Shred credit card receipts and statements that don’t contain tax-related expenses, after matching them against your monthly statement. Match paycheck stubs against your annual W-2, and then shred the stubs. Verify quarterly retirement and savings statements against the annual summary, then shred.

For more information

Visit the IRS Web site at www.irs.gov. Search for Publication 552, Recordkeeping for Individuals.

DIRECTOR’S NOTES

Hello Friends,

It seems each time I log on to my favorite news website or turn on the radio I hear concerning news about the economy. Despite what’s happening on the national level, I have good news to share about your Credit Union.

Your Credit Union is unique in the financial services industry. We are a not-for-profit financial cooperative that is owned by and operated for our member-owners. Our member-owners are the people we know in our own communities: our friends, family, and neighbors. As such, we take our fiduciary responsibility to protect your assets very seriously with a conservative approach.

I’m proud to say that even in a weakened national economy, your Credit Union continues to realize strong financial performance. We pledge to maintain this organization in the same safe, sound, and secure manner that has been our norm for nearly 75 years.

Thank you for your continued trust and confidence in your member-owned cooperative.

Until next time,



Leah Olson
VP Marketing

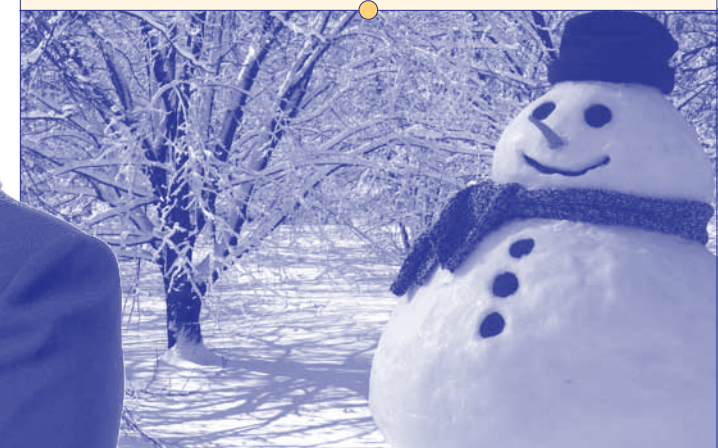


PREMIER CLUB TRAVEL NIGHT

Want to see an overview of our upcoming trips? Your Premier Club, in partnership with Collette Vacations, has scheduled a special Travel Night. Join us on **Tuesday, January 20, 2009** to learn about these exciting adventures and see a slideshow of the trip itineraries. A representative from Collette will be on hand to answer questions and provide detailed information about each destination. Refreshments will be served.

For your convenience, we will meet at 6:00 p.m. Please call Cathy at (360) 662-2153 to register. We will highlight trips to:

- **Cruising the Bays and Railways of New England**
August 8-17, 2009
- **Trains of the Colorado Rockies**
September 19-27, 2009
- **Branson Musical Holiday**
December 3, 2009
- **South Pacific Wonders**
April 12-26, 2010
- **Experience the Oberammergau Passion Play!**
May 27, 2010



TRIPS, TOURS & ACTIVITIES

PREMIER CLUB

QUARTERLY



boats that will whisk you around New England to view the sights and savor the delicious flavors of this beautiful area. It culminates with a wonderful lobster dinner, New England style! Your trip includes round trip airfare from Seattle, Hotel Transfers, Hotel Accommodations, many meals, Air Taxes and Surcharges (subject to increase until paid in full) and your cancellation and waiver insurance.

Cost is: \$3,869 Single occupancy, per person¹
\$2,919 Double occupancy, per person¹
\$2,869 Triple occupancy, per person¹

Trains of the Colorado Rockies September 19 – 27, 2009

(Final payment due by July 19, 2009)

This spectacular journey takes you through the nostalgic Old West in Colorado! See charming Victorian homes in the mining town of Silverton. Mysterious Mesa Verde will thrill you with the ancient culture of the Anasazi Indians. You'll enjoy a traditional cowboy dinner one night and visit the haunting sandstone formations known as Garden of the Gods. Ride aboard the famous Durango and Silverton Narrow Gauge Railroad through southwestern Colorado's San Juan Mountains, and journey on the world's highest cog railroad to Pike's Peak, a stunning backdrop for Colorado Springs. You will spend two nights in Durango, a fun-filled cowboy town where you can relive the excitement of the Old West. Highlights of this tour include Denver, Vail, Georgetown Loop Railroad, Grand Junction, Mesa Verde National Park, Durango, Royal Gorge Railroad, Colorado Springs and Pike's Peak Cog Railway. Your trip includes round trip airfare from Seattle, Hotel Transfers, Hotel Accommodations, many meals, Air Taxes and Surcharges (subject to increase until paid in full) and your cancellation and waiver insurance.

Cost is: \$3,319 Single occupancy, per person¹
\$2,619 Double occupancy, per person¹
\$2,569 Triple occupancy, per person¹



Branson Musical Holiday

December 3 - 7, 2009

(Final payment due by October 3, 2009)

This exciting tour is sure to put you in the holiday spirit! Christmas in the Ozarks is like no other; the air is aglow with holiday spirit and cheer! You will also enjoy an array of fabulous Christmas performances including Shoji Tabuchi, the incredible Hughes Brothers, Doug Gabriel, Yakov Smirnoff and "Mr. Christmas" himself, Andy Williams. You will experience the Silver Dollar City where the story of a 1892 Christmas unfolds before your eyes. At this wonderful Ozark Mountain village your favorite Christmas stories will come to life. The Story of Virginia, The Greatest Story Ever Told, The Nutcracker and The Yule Log are just a few examples. You may also choose to partake in an optional cruise on Tablerock Lake aboard a decorated 1890's paddlewheel riverboat, the Showboat Branson Belle. Your trip includes round trip airfare from Seattle, Hotel Transfers, Hotel Accommodations, many meals, Air Taxes and Surcharges (subject to increase until paid in full) and your cancellation and waiver insurance.

Cost is: \$2,139 Single occupancy, per person¹
\$1,839 Double occupancy, per person¹
\$1,809 Triple occupancy, per person¹

Oberammergau Passion Play! (The Imperial Cities Tour)

May 27 – June 5, 2010

(Final payment due by January 1, 2010)

In the early 1600's, the people of Oberammergau, Germany were seeking reprieve from the Bubonic, or Black Plague. They prayed for God's protection and because they were spared from the Plague, and in gratitude they began performing the Oberammergau Passion Play – the story of Jesus Christ. The first play was staged in 1634 and has been performed once every 10 years since then. People must live in Oberammergau to be in the play and begin growing their beards and making costumes two years prior to the curtain.

Highlights of this tour include Vienna, Schoenbrunn Palace, Grinzing Evening, Budapest, Mathias Church, Salzburg, Prague, Hradcany Castle, Innsbruck, and the Oberammergau Passion Play. Experience this one-of-a-kind 7-hour event which includes a delicious meal. Your trip includes round trip airfare from Seattle, Hotel Transfers, Hotel Accommodations, many meals, Air Taxes and Surcharges (subject to increase until paid in full) and your cancellation and waiver insurance.

This trip sells out fast so please call early to get your name on the tour list.

Cost is: \$5,549 Double occupancy, per person¹
(Rooms are only offered at the double occupancy rate)



South Pacific Wonders (Australia – New Zealand)

April 12 – 26, 2010

(Final payment due by February 11, 2010)

Your warm-weather tour begins at the gateway to the Great Barrier Reef, an immense series of 2,800 coral reefs which are home to amazingly diverse marine life. You will enjoy exploring in a glass-bottom boat, strolling in the rain forest and relaxing on the beaches. Other highlights of this trip include a gondola ride to dinner in Queenstown, a cruise of the breathtakingly beautiful Milford Sound, and a sheep shearing demonstration during a visit to Canterbury Farmyard in Christchurch! There are many optional mini-excursions you may choose to participate in as well, each for a small additional charge. Take in the sights during a hot air balloon ride, glide over the rain forest on the Skyrail Rainforest Cableway, or enjoy a delicious meal aboard the Christchurch Tramway – just to name a few! Your trip includes round trip airfare from Seattle, Hotel Transfers, Hotel Accommodations, many meals, Air Taxes and Surcharges (subject to increase until paid in full) and your cancellation and waiver insurance.

Cost is: \$6,319 Single occupancy, per person¹
\$5,119 Double occupancy, per person¹
\$5,069 Triple occupancy, per person¹

¹All trip pricing subject to increase until paid in full.

RESERVATIONS AND INFORMATION

Call a Premier Club Representative to assist you.

(360) 662-2153

or toll free at

(800) 422-5852 EXT. 22153

FRIENDS AND FAMILY ARE ALWAYS WELCOME.

Discover Sicily

March 4 - 12, 2009

(Final payment due by January 4, 2009)

This tour is sure to provide you many laid back opportunities to see and enjoy beautiful Sicily! Beginning with the pleasant single hotel stay, you will only unpack once. And, your sightseeing excursions, which include free transportation within the city, will only be limited by your imagination and desire. This nine day tour includes round trip airfare from Seattle, Air Taxes and Surcharges (subject to increase until paid in full) hotel accommodations and transfers and your cancellation and waiver insurance.

Cost is: \$3,169 Single occupancy, per person¹
\$2,719 Double occupancy, per person¹
\$2,689 Triple occupancy, per person¹

Cruising the Bays and Railways of New England

August 8 - 17, 2009

(Final payment due by June 9, 2009)

Plan your trip now for a summer like no other. You've heard the expression, "It's not the destination, but the journey that makes the trip." Well, this travel adventure is sure to provide an exciting journey! The highlights of this tour include unbelievable hotels, four trains and four

55-ALIVE DRIVER'S SAFETY CLASSES

Held At The Bremerton Sons Of Norway

January 13 & 14
February 10 & 11
March 10 & 11