

An aerial black and white photograph of the Fontenelle Hotel in downtown Omaha. The building is a large, multi-story structure with a prominent, ornate cornice. The top portion of the building is under renovation, with a large area of the roof and upper floors removed, exposing the interior structure. Debris is scattered on the ground around the building. In the background, other buildings and a street with cars are visible. A large, circular structure, possibly a parking garage or a large well, is visible in the upper right corner.

Tele-Tale

***The Fontenelle Hotel
in Downtown Omaha —
See Page 8.***

***Bell Federal
Credit Union***
1st Quarter 1983

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- Drawing rewards Bell Federal member with \$50,000 windfall.
- Exemption withholding forms due to arrive soon from IRS.

Tele-Tale
Volume 13 Number 1

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Bell Federal revamps tools in quest to keep membership better informed

Keeping up with all the information put out about the financial services industry these days is something akin to shoveling snow in a blizzard. Just when it appears you've cleared a path a gust of wind whips up another drift and you're buried again.

Bell Federal will do its best to offer you new and innovative services to keep pace with our ever-changing environment. However, we also think it's important to keep you informed of what's happening in the financial services marketplace as a whole. In keeping with this commitment Bell Federal is dedicating a part of each issue of the Tele-Tale to discussing current trends and changes in the financial services industry and how they will affect you.

We hope the information you will glean from these discussions helps you in making decisions about your family's

finances. These articles and interviews are not meant to be all-encompassing dissections of the topics. Bell Federal encourages you to search out more information on the topics yourself. Bell Federal's staff of experts are always ready to try and answer any questions you have.

If you've got a topic which you'd like to see discussed, please let us know! Address your topic suggestions, questions or comments to: Editor, Tele-Tale/Bell Federal Credit Union/ 111 South 18th St./Omaha, NE 68102.

You'll find the discussion on our first topic below. It deals with the on-going deregulation of the financial services industry. Some of the changes created by the deregulation could have a profound effect on the way you transact your business and the way financial institutions, like Bell Federal, deliver them to you.

Deregulation signals start of new era

The federal government has blown a hole in the dam and unleashed the floodwaters of deregulation in the financial services industry. Pouring through the breach are traditional financial institutions like credit unions, banks and savings and loan associations plus newcomers ranging from insurance companies to retail stores. Lines which clearly defined the differences between these institutions only a few years ago have been swept aside by the rising deregulatory waters.

Caught adrift in the middle of this "flood" is the consumer, you and I. Confusion abounds as we're bombarded daily with a barrage of new services, new accounts, new investments and new promises. On the surface it seems deregulation has done little but perplex the public and foster a mad dash by institutions seeking to capitalize on the opportunity.

In the long run, however, the opening of the financial services industry floodgates could provide you with a wider, more lucrative choice of services and a greater number of places to get them. This not only means the entrance of new financial service institutions into the marketplace but also the offering of vastly enhanced services from traditional institutions like credit unions.

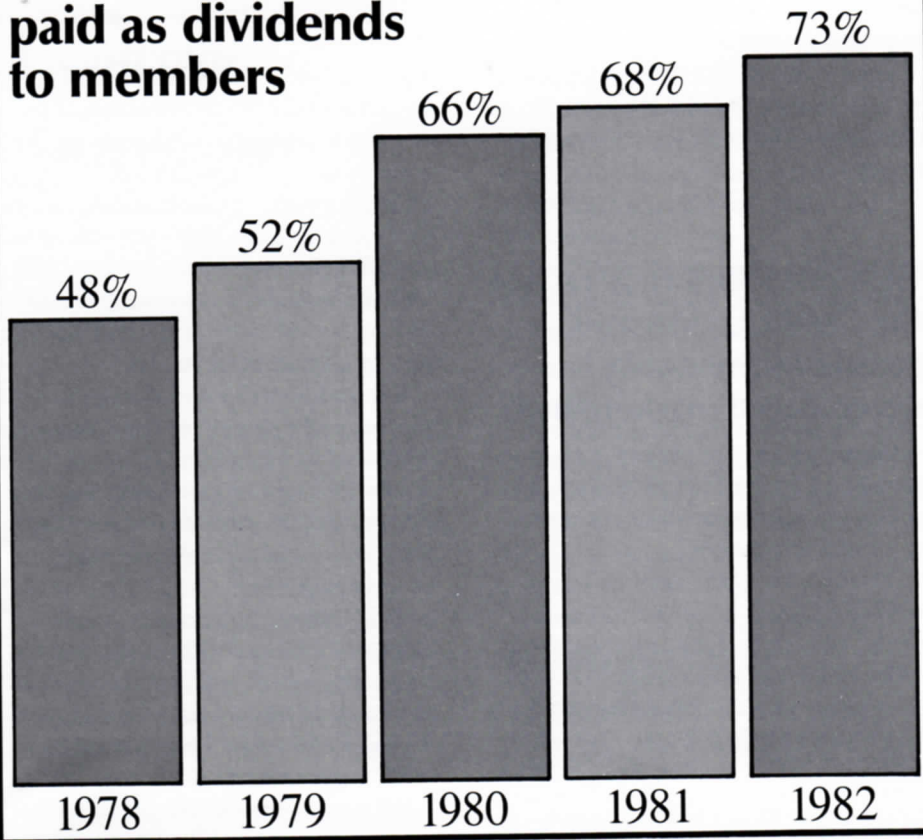
The questions which follow are some of the ones asked most often about the deregulation of the financial services industry. Many of the questions come from members like you who have written in or called Bell Federal seeking information about the subject. We've added a few we thought you'd be interested in knowing or which could have a direct effect on you. If you think an answer isn't adequate, or you disagree with it, please let us know. Send your comments to: Editor, Tele-Tale/Bell Federal Credit Union/111 South 18th St./Omaha, NE 68102.

I wasn't even aware the financial services industry was regulated. Why was it regulated to begin with?

During the Great Depression of the 1930s the U.S. Government put into place a variety of regulations governing financial institutions. These regulations, among other things, put a tight lid on the interest rates institutions could pay savings account holders. These limitations suppressed rates at artificially low levels for both investing and borrowing money at financial institutions.

The regulations have remained almost unchanged for the past half-century and not until November 1978 were the interest rate limitations relaxed. The interest rate limitation on deposit accounts at financial institutions was, for all practical purposes, eliminated at the end of 1982.

Portion of total revenues paid as dividends to members



What has the deregulation of these interest rates done for me?

Even though the dust of deregulation is still settling, and it'll take years before it all does, the benefits to the public are already very clear. In the years since the interest rate restrictions were loosened dividends paid to the saving and investing public have blasted upward.

Examples of this trend can be found in several places.

In 1982 when almost everyone became eligible to open an Individual Retirement Account, another part of the deregulation, an "interest rate war" ensued. Some financial institutions were offering incredible initial interest rates if you opened an I.R.A. with them.

Another example was the recent offering of money market savings accounts by various financial institutions. Once the exclusive domain of mutual funds, these accounts deliver current money market rates to regular savings dollars. Initial interest rates for these accounts hovered

in the 15-percent range at most institutions.

The higher interest rates sound good if I'm saving money. But what's it going to do to me if I want to borrow money?

There's no gentle way of saying it; higher dividend rates mean you'll also have to pay higher interest rates when you want to borrow money. Over the past two years the cost of credit has steadily risen as the rates paid to the saving and investing public have climbed.

Couple this with other factors, including the federal government's continued lapping up of available credit to finance huge budget deficits, and the perfect climate has been created to drive rates skyward.

What effects has this interest rate deregulation had on Bell Federal?

The chart to the left graphically illustrates the dramatic impact this deregulation has had at Bell Federal.

In 1978 the portion of total revenues going out to members in the form of dividends amounted to just 48 percent. In 1982 that total had ballooned to 73 percent. In 1978 members received \$1.97 million in dividends. Last year that figure stood at \$5.75 million, an increase of over 190 percent in only four years!

With the introduction in January of Bell Federal's MarketRate Savings account, which pays current money market rates but still gives you instant access to your money, this trend appears to be forging ahead in 1983. By the end of January members had opened almost 400 of the accounts with total deposits nearing \$3.8 million.

Are there other areas affected by the deregulation of interest rates?

One of the more prominent areas affected by the interest rate deregulation is the interest refund. (For those unfamiliar with an interest refund it consists of a return to you of a part of the interest you paid during the year on a loan.)

Last year Bell Federal paid a 5 percent refund. Due to interest rate deregulation the earnings margin (see graph) has been shrinking. What this means is the margin which was there in past years for an interest refund is now being gobbled up paying dividends to members. This shrinking interest margin has literally pushed the interest refund into extinction.

Besides interest rates what else has been deregulated in the financial services industry and how will it affect me?

The impact of deregulation is and will be felt far beyond just interest rates.

Continued on next page

Deregulation signals start of new era, cont.

Through deregulation the federal government has started the slow process of reshaping financial institutions to fit one mold. Each institution will have basically the same services with everyone competing on an equal footing. With deregulation the last barriers separating one kind of institution from another came crashing down.

From a consumer's point of view deregulation has ushered in a new era of financial services. The increased competition means you'll get more efficient services based on your wants and needs instead of the arbitrary whims of government rules and regulations. You're more assured of getting a fair deal, but not necessarily the best one, no matter where you go.

Competition breeds innovation, innovation which will reap great benefits for the consumer. For example, services at Bell Federal like the Instant Cash system, the wide variety of high-yielding investment vehicles, tax-cutting accounts and Share Draft accounts were direct

results of the pressure of competition. You can count on this spirit of innovation to flourish even faster in the years to come as the competitive environment matures.

How does Bell Federal see the Credit Union and its role in the newly deregulated marketplace?

Glenn Reinke, Bell Federal's assistant manager, gave this view of where credit unions were and where they are headed in the new environment.

"Back in the 1800s credit unions were born as a product of human and social needs. They thrived through the early 1900s by serving these needs. However, government intervention during the Great Depression changed all that. The entire financial services industry was shackled

under the restraints of federal regulations. The industry, in many cases, couldn't offer what people wanted and was forced instead to offer what the government said could be offered.

"I think with the current deregulation we've finally come full circle. We're now going to get back to offering services because there is a need for them and not because the government says we may or may not offer them."

Reinke said Bell Federal welcomes the challenge of trying to meet the tough service standards members will set in the future. He said the opportunity for the Credit Union to reach its full potential in the ability to serve the members has never been greater.

"The institutions, including credit unions, which survive in the future will be the ones which embrace the very concept on which they were founded. And for Bell Federal that means providing services which fulfill the human and social needs of our members," Reinke concluded.

Bell Federal loan rates

- New 1982 and 1983 models . . . 13% APR (3 years)*
- Used 1981, 1982 and 1983 models . . . 14½% APR*
- Shares Pledged Loan . . . The collateral share dividend rate plus 3 or 4% APR depending on amount borrowed*

Bell Federal offers you many more lending programs on almost everything under the sun. Call any Bell Federal office for current rates and details on any of our loans. (*All Bell Federal loan rates include borrower's life insurance at no cost to you.)



Tele-Bits

● **Cash card transaction totals surge in 1982**

Bell Federal Instant Cash transaction totals soared past the 100,000 level in 1982 as December recorded a record 13,125 transactions. The actual total at year's end stood at 108,192.

Over 33 percent of the total number of transactions occurred in October, November and December. This was attributed to Bell Federal's switch to a new processing system which allowed members to access both their Share Draft and Share Savings accounts.

The rise in transaction totals doesn't appear to be over either, according to an Instant Cash report released for January. The report shows Bell Federal transaction totals set a new record during that month with members completing over 13,400 transactions. At that rate 1983 year-end totals could easily top the 150,000 mark.

● **Meeting dates selected**

Bell Federal will hold its annual meeting at the Northwestern Bell corporate headquarters building in Downtown Omaha on Wednesday March 16 at 5:30 p.m. Mini Annual Meetings are also scheduled for both North Platte and Grand Island.

The North Platte meeting will be held on March 23 and the one in Grand Island will take place on March 24. All the meetings will consist of a business meeting only.

For more information about the annual meeting in Omaha contact Bell Federal's Main Office. For information about the meetings in North Platte and Grand Island call those offices.

● **Interest rate declines**

Effective Jan. 1 the interest rate on Line of Credit loans was dropped to 15 percent. The previous rate of 16 percent had been in effect since last October. The rate for most of 1982 hung near the 18-percent mark before it started a slow decline in September.

● **Refund at 5 percent**

Bell Federal declared a 5 percent interest refund for 1982. The refund means members with loans at the Credit Union last year got 5 percent of the interest they paid returned to them. If you had a loan at Bell Federal during 1982 your refund was credited to your Share Savings account.

Lines of Credit, delinquent loans and government-insured student loans were not subject to the refund. However, a Bell Federal official said the interest refund still brought back about \$300,000 to members.

● **Tax return services set up at Bell Federal**

Bell Federal has delved into yet another financial service area. Now you can go to Bell Federal's Main Office location in Downtown Omaha or the West Omaha Office at 120th and "L" streets and have your income tax returns completed.

The Credit Union has retained an
Continued on next page



Main Office sprouts a depository

Near the middle of February the staccato blasts of a lone jackhammer reverberated through Bell Federal's Main Office building in Downtown Omaha. Construction had begun on that office's brand new night depository which should be ready for member use around the end of February.

You'll be able to drop off loan pay-

ments, deposits or other business which doesn't require that you stop in the building. All items placed in the depository are subject to the same 2 p.m. cut off time as other transactions. The depository is located on the west wall of the Main Office building just north of the main entrance.

A Bell Federal member, left, takes advantage of the new night depository which was recently installed at the Credit Union's Main Office building. The depository is available for member use around the clock seven days a week.

Tele-Bits, cont.

income tax return preparation specialist who will complete your returns for fees which are considerably less than those found at other firms. Plus, the service is by appointment only so you'll also avoid waiting in a long line to get your taxes done by a professional.

Call Bell Federal's InstaFacts number, 345-6789, to set up your personal appointment. Appointments at the Credit Union's Main Office are held on Mondays, Wednesdays and Fridays. Tuesday and Thursday appointments are set up at Bell Federal's West Omaha Office.

● **Annual reports planned**

Bell Federal's 1982 edition of its annual report is scheduled for publication during March. It will be distributed in quarterly statements around the first of April. The report will outline Bell Federal's progress in 1982 and highlight areas of special importance to members. Summary editions of the annual report will be available at Bell Federal's annual meetings near the middle of March.

Monthly financial statements are also posted in all Bell Federal office lobbies throughout the year.

● **Cut off times aligned**

Now there's no more wondering about which Instant Cash access point has what cutoff time. Starting Feb. 1 all Bell Federal Instant Cash locations had a standardized cutoff time of 4 p.m. Any Instant Cash transactions occurring after 4 p.m. are considered the next day's business.

Bell Federal officials were pleased with the move and speculated it would eliminate some of the confusion about when deposits and withdrawals are posted to accounts.

● **ATM popularity rises, a few counters closed**

The Instant Cash system has announced the closing of some of its courtesy counter locations in the Omaha area. The closings were attributed to low transaction volumes and the growing popularity of the automated teller machines (ATMs).

The counters will close on March 1. Instant Cash officials said most of the closed locations have at least one ATM in the general vicinity so people can still transact their business in the same area.

The closed locations include the Central Park Pharmacy counters at 4136 Grand, 12039 Blondo, 11410 Davenport, 8524 Park Drive and 13945 "S" Plaza — Safety Drug locations at 5815 North 60th and 3915 Harrison — the counter at Convenient Food Mart at 7611 Pacific — the access point at the Grand Central Market at 3552 Leavenworth — the Younkers location in the Westroads and the Philips Store at 24th and "L" Streets.

Notices are being posted at all these

locations to help ease the transition as the counters are phased out. Updated Bell Federal Instant Cash access point listings will be mailed to all Share Draft account holders via a statement mailing in the near future.

● **Split hampers payrolls**

The American Telephone and Telegraph divestiture has caused some minor payroll deduction problems for both Bell Federal and several members. If you've changed jobs as a result of the divestiture and are now working for a different company, your payroll deduction could be slow in getting to Bell Federal. Please check with your payroll office to make sure your payroll deduction has been kept current.

In some cases the delayed payrolls are causing notices to be sent to members informing them of a problem with their loan payments. Please check to make sure your loan payments are kept current while your payroll deduction is being processed by your new employer.

— IRS says forms

With the kickoff of the 10 percent interest withholding slated for July 1 the Internal Revenue Service is scrambling to distribute an exemption form. The form would be filled out by those seeking to avoid the withholding because they qualify under various exemptions the federal government has established. The forms, dubbed the W-6, are currently being printed and should arrive at Bell Federal well in advance of the July 1 deadline.

On July 1 Bell Federal, as well as all other financial institutions, must start withholding for the federal government 10 percent of most interest and dividend payments. All institutions, including Bell Federal, will start accepting the W-6 forms now in an attempt to avoid a last-second stampede just before July 1.

The new W-6 looks very similar to the current W-2 form which you use to claim allowances which prevents withholding on part of your wages. However, with the W-6 there isn't an automatic exemption for a part of your dividends and interest. The only way you can get an exemption is to file a W-6.

The federal government established several situations under which, if you qualify, you can file a W-6 and avoid the interest withholding.

— If your 1982 total federal income tax liability was less than \$600, or less than \$1,000 for a couple filing a joint return, you are eligible to file a W-6 to get an exemption from the dividend withholding.

— If you or your wife is 65 or older

Member "in a daze" after winning prize



Credit Union member Steve Burke, pictured above, recently became \$50,000 richer after winning a sweepstakes sponsored by the

National Pen Corporation of San Diego. He decided to invest his "windfall" by opening a Bell Federal MarketRate Savings account.

arriving shortly

and you file a joint income tax return you can file an exemption if your 1982 tax liability was less than \$2,500. If you are 65 or older and file a single return your tax liability must be less than \$1,500 to qualify for the exemption. Generally speaking, if you're 65 or older you could be eligible for the exemption if total income in 1982 was less than \$14,450 if you are single, or under about \$24,200 for a couple.

— Bell Federal has opted not to withhold taxes on accounts which would earn less than \$150 in dividends per year. That means for your accounts which will earn less than \$37.50 per quarter Bell Federal will not withhold 10 percent of the dividends. A word of caution: There is nothing stopping someone who wants

to split up a large account into several smaller accounts to avoid the withholding. However, the IRS has warned that if such a practice were to flourish it may change the rules.

Other areas concerning the new withholding rule should also be kept in mind to avoid hassles with the IRS.

— Bell Federal may not question your reasons for filing an exemption form, but the IRS will. You should be aware there's a civil penalty of \$500 and a criminal penalty of up to a year in prison for filing a false withholding W-6 form. Please be absolutely sure you qualify for one of the exemptions before you file the W-6. If you're not sure contact your local IRS office and ask if you qualify.

Continued on next page

As Steve Burke was opening the front door of his home last December 17th, he heard the telephone ringing. When he ran to answer it, he was congratulated by the caller and told that he had just won \$50,000. His first reaction wasn't jubilation.

"I was very skeptical," he recalls. "They said they were from the National Pen Corporation in San Diego and that I had won their sweepstakes. Well, I took a number where I could call them back. Then I called the San Diego Better Business Bureau to check out the story. I was assured that it was all on the up and up. So I called the National Pen people. They told me again that I had won \$50,000. That's when I went into shock."

For two hours Burke had no one to share his news with, except the family dogs. Neither his wife, Barb, nor his two sons were home.

"talking to the dogs"

"I just kept walking around in a daze, talking to the dogs and waiting for Barb," he says with a grin. "When she finally got home I told her all about it, she didn't believe it. So we called San Diego again."

Once more both Burkes were assured they had indeed won the sweepstakes they had entered earlier in the year.

"We'd gotten an ad in the mail promoting pens," Burke explains. "If you bought 900 pens you got a free gift and were automatically entered in their sweepstakes. Well, we're always losing pens so we thought if we got some with our names on them we'd have better luck keeping track of them."

Once the couple had finally digested the fact that they were \$50,000 richer, they had to decide what to do with the money. They agreed not to spend it.

"You always hear about those million-dollar lottery winners back east who quit their jobs, buy a new house and travel to everywhere," Burke says. "A year later you read were they're back in bankruptcy court, divorced and unemployed. Fifty thousand is a far cry from a million and we decided not to let it change our

Continued on next page

Member "in a daze" after winning prize, cont.

lives in any way. It would just give us a nice little cushion."

Burke invested his "windfall" in a MarketRate Savings account at Bell Federal, although it wasn't the first financial institution he considered.

"I saw a lot of newspaper ads offering everything from 12 to 25 percent interest, so I phoned a number of the big banks. I essentially told them, 'Hey, here I am. I've got \$50,000 now what can I do with it?' None of them wanted to talk to me over the phone. They just said to come in and then they'd see what they could do. So I called Bell Federal. I talked to Jackie Hart and she was terrific. She just took over. She suggested that I invest the money in a MarketRate Savings account,

and after she explained it I agreed with her. I'm just sorry I didn't call her first. The Bell Federal people have always been very gracious when I've dealt with them. They've always treated me the same, with or without the \$50,000. A lot of places are so big they've lost that personal touch."

The day Burke walked into Bell Federal to cash his winning check he noticed one of the tellers had a sweepstakes entry form on the counter. He asked her if she was going to enter. She told him, no, that she thought it was a waste of time and that nobody ever won those things anyway.

"I whipped out my check, tossed it on the counter and said, 'You'd better enter!'" Burke says with a chuckle. "That was fun."

Because he was featured in an ad published by the National Pen Corporation, he has received materials urging him to invest in everything from shoes to oil property. He's also gotten over 500 letters from across the nation.

"Most are just nice congratulatory notes from people who have read about me," he says. "Others are letters from people asking, 'Did you really win and how?' I've only gotten two begging for money."

Burke has shared some of his bless-

ings, but he modestly refuses to say with whom. "Just with some people who have been wonderful to me over the past few years," he explains.

As for the rest of the money, he plans to keep it at Bell Federal... "just building dividends."

"Although I did recently throw a scare into my wife," he says laughingly. "Every year about this time we treat ourselves with a trip to Las Vegas. This year I came home with a bunch of travelers checks and told her, 'There's plenty more where that came from. I'm going to bet the whole \$50,000 on a single roll of the dice.' Well, I don't think she called to check on the balance in our account, but for the first two days of our trip she watched me like a hawk."

Exemption forms, cont.

— These same penalties also apply if you don't revoke an exemption as soon as you become ineligible for it.

— The new withholding rule does not apply to Individual Retirement Accounts, All-Savers certificate accounts or any other tax-free savings or investment vehicles.

— It's also important to keep things in the proper perspective. The withholding will actually mean only a very small increase in taxes. The 10 percent which is withheld will be deducted from taxes owed when you file your income tax return for the year.

On the cover...

Members stopping by Bell Federal's Main Office the last few months have been craning their necks seeking a good view of the Fontenelle Hotel. A crew from Anderson Excavating and Wrecking Company has been working on the demolition of the Fontenelle and the Interim City Hall since late last fall.

We thought we'd give you one last, unique view of the grand old lady before she succumbs to the wrecking ball. The photo was taken from the top of the Woodmen Tower.

Bell Federal
Credit Union Omaha, NE

