



CREDIT Union Lines

TOOLS AND RESOURCES FOR CREDIT UNIONS • AUGUST 2009

THE BLUE PAPER of the Month

“Balancing a Checkbook: Members Say It’s a Major Problem”

Question: In a study of thousands of Credit Union Members by Callahan & Associates, what was among their top four financial concerns? **Answer:** How to balance a checkbook.

Question: A study this year by the Center for Economic and Entrepreneurial Literacy showed that “an overwhelming number of Americans” cannot do what? **Answer:** Balance a checkbook.

Question: Every month your Credit Union has X number of calls, complaints, and visits primarily because your Members cannot do what? **Answer:** Balance a checkbook.

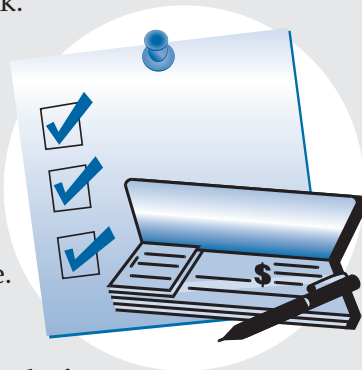
So why don’t people balance their checking accounts each month? Recent studies have shown there are three reasons:

1. They don’t know how.
2. They think it takes too much time.
3. They say it’s too difficult.

But there’s a new 21st century method of balancing a checkbook that’s both quick and easy.

This month’s AIL *Blue Paper* is titled “**BALANCING A CHECKBOOK: MEMBERS SAY IT’S A MAJOR PROBLEM. YOU CAN SHOW YOUR MEMBERS A 21ST CENTURY METHOD THAT’S QUICKER AND EASIER.**” The August issue explains it all. ♦

For your complimentary copy, just contact your AIL representative or call the AIL Credit Union Center at 800-278-6661.



Trends and Topics

MANY AMERICANS NOT PREPARED FOR RETIREMENT

The recent economic downturn has not spurred Americans to change their retirement preparation behavior. That’s the conclusion of the third Real Life Retirement quarterly pulse survey by



Charles Schwab. The survey shows that almost four in 10 Americans (39 percent) are not currently saving for retirement and that, despite market losses, six in 10 (62 percent) have not adjusted their thinking about their planned retirement age.

Survey respondents estimated that they would need more than \$1.2 million to retire comfortably, yet those currently saving have put away an average of \$194,000 for that purpose. Forty-one percent of Americans feel positively about their retirement preparedness, while another 22 percent are indifferent.

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Trends and Topics

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A deeper look at the findings shows a disconnect between planning and reality among those closest to retirement age (55 to 63). Thirty-three percent in this age range expressed “contentment” about their preparedness, but 51 percent have saved less than \$50,000 — though they commonly believe they will need

\$2,000,000 to retire comfortably. To bridge the gap, 52 percent of this age group are considering retiring later than planned.

Of respondents aged 18 to 34, 35 percent feel “indifferent” about retirement and 59 percent said they are not currently saving for that purpose. Savers in this age group have set aside an average of \$23,000 for retirement. ♦

CU EMPLOYEES ARE POSITIVE ABOUT THEIR JOBS

Credit Union employees have a generally optimistic attitude toward their jobs, according to the D. Hilton Associates 2009 National Employee Opinion Study.

When asked if they still expected to be working for the credit union 12 months from now, 46 percent strongly agreed and only 8 percent said they did not expect to still be with the credit union. Employee communication did not score as high, however. About 33 percent of employees disagreed with the statement that there was good communication between departments at their credit union.

The study examined the opinions of more than 10,000 CU employees over the past five years and included a range of questions in the areas of working conditions, job content, management, communications, morale, supervision, advancement, compensation, and benefits. ♦

Expect To Be Working for the CU One Year from Now

Strongly Agree	46.0%
Agree	37.7%
Slightly Agree	8.2%
Slightly Disagree	3.2%
Disagree	2.5%
Strongly Disagree	2.5%

Source: D. Hilton Associates

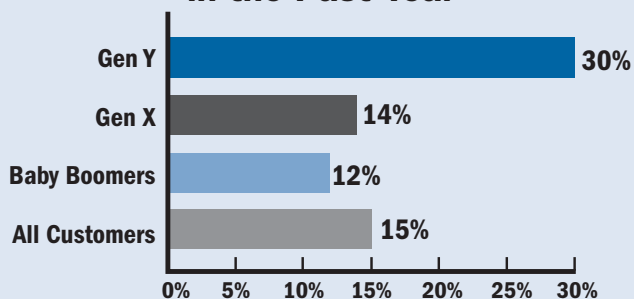
Technology Report

PREDICTION: BY 2015, HALF OF NEW ACCOUNTS WILL BE OPENED ONLINE

The demand for the ability to open new checking and saving accounts online is much stronger among younger generations. This graph shows the percentage of individuals who have attempted to open an account online in the past year — including those who abandoned the process because it required the individual to mail in an application or visit a branch.

BAI Banking Strategies estimates that by 2015, approximately 50 percent of all new accounts at financial institutions will be opened online. ♦

Attempts To Open an Account Online in the Past Year



Source: Javelin Strategy and Research, BAI Bank Strategies

CU CREATES IPHONE REMOTE DEPOSIT APP

WV United Federal Credit Union in Charleston, West Virginia has become the first financial in the United States to offer an iPhone remote deposit application. The program, which the CU created in-house, allows members to take a picture of a check with an iPhone, resize it appropriately, then touch iDeposit on their phone to send the image. Deposits are identified by capturing the member’s iPhone number. “It’s that easy and that awesome!” says the CU website. There is no charge for the service.

The CU offers iDeposit to home banking users and promotes it as a service that provides greater convenience. The iPhone app also extends the credit union’s reach — WVFCU has members statewide.

Security is ensured by encrypting the image. The image itself is not stored on the member’s iPhone. It is stored there temporarily, so if members lose their phone, the images are not on it.

The CU currently performs some manual work to transfer the check image into the CU’s branch capture system, but expects to eventually eliminate that manual step. ♦



iPhone App
It's here!



Marketing Tips of the Month

CU LAUNCHES SMALL BUSINESS CAMPAIGN

While banks have scaled back their lending activity, Georgia Central Credit Union in Duluth, Georgia has launched a campaign for credit unions to capture market share. The “Your Business Needs ... All Wrapped Up” promotion touts an alliance with Member Business Solutions, LLC, which offers credit unions loan underwriting and other services.



According to the CU’s Corporate Ink newsletter, “Now is the ideal time for your credit union to enter the business lending arena. Local business needs are historically underserved by regional and

national banks — a trend exacerbated by recent credit tightening. As a result, credit unions have an opportunity to benefit from offering small business lending: increased profit margins, better matching of ALM plans, attraction of new members and cross-selling opportunities.”

Georgia Central is also teaming with Southeast Corporate Federal Credit Union and MBS in August to host their second annual credit union small business summit in Atlanta. The agenda will feature marketing strategies to increase loan volume and a primer on credit fundamentals to help identify opportunities. MBS is a CUSO owned by Georgia Central and Southwest Corporate. ♦

Georgia Central
CREDIT UNION

Legislative Dispatch

REP. FRANK INTRODUCES CONSUMER AGENCY LEGISLATION

House Financial Services Committee Chair Barney Frank (D-MA) has introduced a bill containing the Obama Administration’s proposal to create a new independent federal agency to regulate financial products.

“I am pleased to introduce this bill, which addresses an issue at the heart of the financial crisis. Recent reports about the lack of mortgage mortifications and increases in various fees only reinforce the need for this bill, which is already very clear,” said Frank.

Comparison with Administration Bill

The measure would create a Consumer Financial Protection Agency to “promote transparency, simplicity, fairness, accountability, and access in the market for consumer financial products or services,” according to the text. It follows the Obama Administration’s proposal for a CFPA, with certain exceptions.

Unlike the administration’s draft, the bill preserves the current federal banking regulators’ role of enforcing the Community Reinvestment Act. In addition, the administration’s proposal presupposes the creation of the National Bank Supervisory, a new prudential regulator that would merge the Office of the Comptroller of the Currency (OCC) and the Office of Thrift Supervision (OTS). These considerations will be taken up at later date, according to the committee.

Industry Reaction

Frank postponed mark-up of the bill until September, saying that he wanted to give consumer groups a chance to generate more grassroots support for the measure. Many large financial services lobbying groups, including the American Bankers Association and the Financial Services Roundtable, are strongly opposed to the bill.

Credit union associations are taking a wait-and-see approach. Assistant Treasury Secretary Michael Barr told the House Subcommittee on Commerce, Trade, and Consumer Protection that the proposed agency would help credit unions and would not add more regulation.

“Closely regulated credit unions and community banks with straightforward credit products struggle to compete with less scrupulous providers who appear to offer a good deal and then pull a switch on the consumer,” Barr said. He added that the new agency would level the playing field by putting “an end to regulatory arbitrage and unregulated corners that inevitably weaken standards across the board.” The agency will not be “a new layer of regulation. It will consolidate existing regulators and authorities. This will bring efficiencies for the industry.” ♦

“CASH FOR CLUNKERS” IS VICTIM OF ITS OWN SUCCESS

When President Obama signed into law the Consumer Assistance to Recycle and Save Act of 2009 (or the CARS Act), the “Cash for Clunkers” car-purchasing incentive in the bill was supposed to expire on November 1. Within a few days, however, the \$1 billion the government set aside for the program was almost all spent.

“Cash for Clunkers” provides government vouchers of up to \$4,500 to individuals who trade in an old vehicle for a new one. It was designed to drive up vehicle sales while having a positive effect on the environment by taking older gas-guzzling cars off the road. The program is run through dealers, who have to register to participate.

On July 31, the House voted to authorize an additional \$2 billion, and Transportation Secretary Ray LaHood predicted that the popular program, which is helping automakers come out of the recession, would be extended. In the Senate, the extension was a harder sell, however, with some senators opposing it because of the price tag and others calling for the inclusion of stricter fuel efficiency requirements. ♦



With an eye on the state's high unemployment rate

the Michigan Schools and Government Credit Union in Clinton Township has announced a plan to help adult workers find new jobs. The CU is offering \$2,000 scholarships under its "Adults Moving Forward" program, through which it gives out nonrenewable stipends to adults or college students who are registered at a Michigan college, university, or vocational school or undergoing accredited certification.

The program is designed to help members who are retraining to pursue a new job, re-entering the workforce,

in need of additional training for a current job, or finishing a degree.

"We are honored to be able to award our members who are trying to move forward in their careers," said the CU's President and CEO Peter Gates. According to national statistics, the state's unemployment rate, at 14.1 percent, is now the highest in the country, giving the scholarship program "more significance than ever," according to a CU spokesperson. ♦



The Adults Moving Forward Scholarship

MSGCU Adult Scholarship Program

"JEANS FOR HABITAT DAY"

Teachers Federal Credit Union in Farmerville, New York raised funds for Habitat of Humanity of Suffolk by sponsoring "Jeans for Habitat Day." TFCU staff members donated \$5 each to dress down and wear jeans on the special fundraising day.

"Hosting fundraising programs and providing volunteers for Habitat for Humanity allows us to help them to achieve their mission of providing affordable homes to families who need them. The continuing generosity and enthusiasm of our staff for Habitat for Humanity of Suffolk is commendable. We are pleased that this effort was able to raise awareness and over \$1,000 for the organization," said Robert G. Allen, TFCU President and CEO.

Jeans for Habitat Day is just one of many activities held by TEAM TFCU, the credit union's community involvement committee, in support of local nonprofit organizations. TEAM TFCU has been an ongoing supporter of Habitat for Humanity of Suffolk, the

Serving the Community



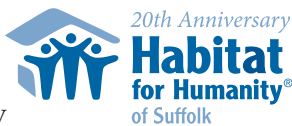
nonprofit group responsible for building 128 homes in Suffolk County since 1987, housing more than 475 adults and children. ♦

NEW ENGLAND CUs SUPPORT HOMES FOR VETS

Homes for Our Troops, a charitable organization that builds specially adapted homes for severely injured veterans, recently got a financial boost of \$190,000 from New England credit unions. The donations, raised through fundraising efforts by the Massachusetts, Rhode Island, and New Hampshire Credit Union Associations, were announced at a June 13 gala dinner to help draw national attention to the cause.

Dan Egan, President and CEO of the three-state group, expressed pride in the CU sponsorship of Home for Our Troops, adding that it was a good fit for credit unions' mission of supporting "community-based, grassroots initiatives."

Homes for Our Troops expects at least one of the homes financed by the associations to be completed by November. ♦



Comments? Suggestions? Questions?

Call the Credit Union Center Hotline:

1-800-278-6661