



CREDIT Union Lines

TOOLS AND RESOURCES FOR CREDIT UNIONS • APRIL 2010

THE BLUE PAPER of the Month

“WE’RE GETTING NEW MEMBERS FROM BANKS — BUT HOW DO WE KEEP THEM?”

Customers have been leaving banks because of the devastating image they’ve gotten recently.

And many of these bank customers are joining Credit Unions hoping they’ve found a better financial institution.

But will Credit Unions be able to keep those new Members?
THAT WILL DEPEND.

These customers left their banks because all the negative publicity which made them realize that they could no longer trust their bank. Credibility was gone.

This month’s American Income Life Blue Paper is titled
“WE’RE GETTING NEW MEMBERS FROM BANKS — BUT
HOW DO WE KEEP THEM?”

This issue outlines the five pitfalls that many banks (and some Credit Unions) use — pitfalls that destroy trust and credibility. And sometimes Credit Unions do these things without even being aware of it. ♦

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



Trends and Topics

AMERICANS CONFIDENT ABOUT 401(K)S

Having weathered a rocky stock market from late 2007 through early 2009, a large majority of Americans are planning to stay with their 401(k)s and similar retirement plans and investments, according to new research by the Investment Company Institute (ICI).



In a survey of 3,000 households, 73 percent indicated they are confident that retirement plan accounts can help them reach their retirement goals. Among households that participate in defined contribution plans or that own individual retirement accounts, 78 percent expressed confidence in these plans. Even larger majorities supported key features of the 401(k) system, including tax advantages for employee and employer savings, payroll deduction, and individual choice and control, according to ICI.

“We have found that Americans express confidence in their 401(k)

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Trends and Topics

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plans and support for the system's key features in overwhelming numbers," said Paul Schott Stevens, ICI president and CEO. "The 401(k) system has a long and productive future ahead in providing retirement security for millions and millions of Americans."

Another ICI survey covering nearly 24 million defined contribution plan accounts showed that participants did

not take extreme action with their 401(k)s during the market downturn.

Throughout the first three quarters of 2009, 95 percent kept contributing, and only about one in 10 changed the asset allocation of their account balances or contributions. Only 2.6 percent took withdrawals, 1.3 percent took hardship withdrawals, and 16.8 percent had loans outstanding. ♦



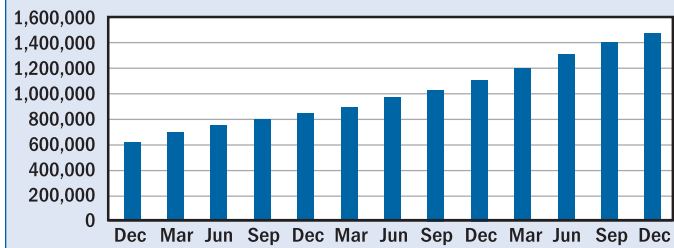
BANKRUPTCY FILINGS RISE BY ALMOST ONE-THIRD

Bankruptcy filings in the federal courts rose 31.9 percent in 2009, according to data released by the Administrative Office of the U.S. Courts. The number of bankruptcies filed in the 12-month period ending December 31, 2009 totaled 1,473,675, up from 1,117,641 in 2008.

Filings have grown steadily since 2006, when they totaled 617,660 in the first full 12-month period after the Bankruptcy Abuse Prevention and Consumer Protection Act took effect. Bankruptcy filings reached a historic high of more than 2 million in 2005, just before the Act took effect.

The states with the highest number of bankruptcies per capita in 2009 were Nevada, Tennessee, Georgia,

Bankruptcy Filings 12-Month Periods December 2006–December 2009



Source: U.S. Courts, *The Federal Judiciary*

Indiana, and Alabama. Those with the lowest number were Alaska, Washington, D.C., South Carolina, Texas, and South Dakota. ♦

Technology Report

CU HAS AN APP FOR THAT!

Ent Federal Credit Union in Colorado Springs, Colorado says that its new branch and ATM locator application for iPhones was downloaded more than 150 times in its first month of use. CU members with an iPhone or iPod Touch can use the "Ent Location Finder" to determine the nearest Ent Service Center, Shared Branch, Ent ATM, or CO-OP Network ATM throughout the country.



"By putting information on our service center and ATM networks literally in our members' pockets, we're helping them quickly and easily find a nearby location with the services they're looking for," says Victoria Selfridge, Ent's director of marketing. "Unlike text-based locator tools and web page listings, the iPhone's GPS functionality finds the closest locations automatically, eliminating the need to know their current zip code or nearest cross street."

The Ent Location Finder also connects directly to Google Maps for turn-by-turn driving directions; displays the location name, hours of operation, and unique member service features of each Ent Service Center; and allows the user to contact Ent by phone directly from the application. ♦



USE DIFFERENT PASSWORDS TO BE SAFE

If you use the same password for multiple websites, you're not alone — but that may not be the safest approach.

A study by the web-browsing security firm Trusteer shows that 73 percent of people who bank online use the same password for their financial accounts that they use for at least one nonfinancial — and typically less secure — website.

Re-using banking user names and passwords for less-secure web mail and social networking sites allows criminals to acquire personal information they then test on financial services websites, the company said.

Amit Klein, author of the study and chief technology officer at Trusteer, recommends that financial institutions educate consumers about the risk and that people consider creating at least three passwords for different groups of websites — one for financial institutions, one for retail and social-networking sites, and one for entertainment and news sites.

Trusteer based its conclusions on data collected during a year of Internet browsing by more than four million users of its Rapport browser security service, many of whom are customers of large North American and European banks. ♦



Marketing Tips of the Month

iBELONG ADS BUILD ON “MOVE YOUR MONEY” CAMPAIGN

The Pennsylvania Credit Union Association's iBelong awareness campaign, now running on TV and radio stations in four states, capitalizes on the success of the “Move Your Money” (to a community bank or credit union) movement.

The new commercials feature testimonials from credit union members and target women age 25-49 as financial decision-makers.



“Our original ads stressed eligibility, but now our new message

is designed to exploit the switch idea,” said a spokesman for PCUA. The association began iBelong three years ago and has since licensed the advocacy ads to state leagues in Illinois, Mississippi, and Vermont.

Recognizing an overall lack of credit union awareness and a decrease in membership growth, PCUA launched the iBelong campaign in 2007. Pennsylvania's member growth rate in the fourth quarter of 2009 reached 2.4 percent, well above the national average of 1.4 percent. ♦



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Legislative Dispatch

HOUSE COMMITTEE VOTES TO EXPAND NUMBER OF BANKRUPTCY JUDGES

On January 27, the House Judiciary Committee approved a measure to authorize additional bankruptcy judgeships. The legislation, H.R. 4506, is intended to help alleviate the burden on bankruptcy courts resulting from the economic downturn.

There are currently 352 bankruptcy judges in the federal system, including 36 temporary positions. The bill would bring that total to 365, of which 14 would be temporary positions.

To pay for the additional positions, the legislation would increase the filing fees by \$1 for Chapter 7 and Chapter 13 bankruptcies and by \$11 for Chapter 11 cases. Rep. Steve Cohen (TN-D), sponsor of the bill, says the move is necessary because of the increased number of corporate and personal bankruptcies resulting from the recession. In 2009, 1.4 million Americans filed for personal bankruptcy, up 32 percent from the previous year. ♦

SEC ADOPTS NEW MONEY MARKET FUND RULES

On January 27, the Securities and Exchange Commission adopted new rules that it says are designed to strengthen regulatory requirements governing money market funds and better protect investors.

One of the new mandates is that money market funds must have a minimum percentage of their assets in highly liquid securities, so that those assets can be easily converted to cash to pay redeeming shareholders. In addition, money market funds will be required to post their portfolio holdings on their websites and to

report detailed portfolio schedules to the SEC in a format that can be used to create an interactive database.

The final rules including compliance dates, are posted on the SEC website (www.sec.gov). The changes are effective May 5, but mandatory compliance with some of the regulations will be phased in over the course of the year. ♦

SENATE MOVES FORWARD ON FINANCIAL REFORM

On March 22, the Senate Banking Committee sent financial regulatory overhaul legislation to the full Senate for consideration. The committee approved the bill, sponsored by Chairman Christopher Dodd (D-CT), by a party-line vote. Republican opponents decided not to challenge the bill in committee but to offer amendments on the floor instead.

Senator Dodd's bill would do the following:

- Streamline oversight of the banking industry.
 - Regulate derivatives and hedge funds.
 - Establish a new consumer financial protection agency within the Federal Reserve.
 - Create a council to identify, monitor, and address systemic risks posed by large, complex financial firms, as well as products and activities that could spread risk across financial firms.
 - Create a process to dissolve large firms on the verge of failure to avoid taxpayer bailouts of financial giants.
- The House passed a version of the bill three months ago that had the same broad goals but differed in some of the details. In the House bill, the consumer financial protection agency would be an independent body instead of being contained within the Fed.
- The full Senate was expected to take up the bill after the two-week spring recess. The bill's sponsors are seeking to send it to the president by Memorial Day. ♦

Marketing Tips of the Month (continued)

SCREENING LAUNCHES CU'S MICRO BUSINESS PROGRAM

Latino Community Credit Union in Durham, North Carolina took its micro business program to the big screen when it premiered *Roberto's Dreams*, depicting the journey of a local small business owner. The movie debuted at the Carolina Theatre in Durham on March 28.

Mixing documentary and fiction, *Roberto's Dreams* was shot on location in Durham, one of the most vibrant new Latino communities in the United States. It features the same immigrant couple that appeared in the 2007 movie *Angelica's Dreams*, also produced by LCCU with local pro-

ducer/director Rodrigo Dorfman. In the new film, Roberto, in the midst of an economic crisis, decides to start his own enterprise — the first green cleaning business in North Carolina.

Alejandro Sanchez, director of organization development at LCCU, says that 2010 is the right year for the credit union to launch the micro business program. "We have eight branches statewide with two more coming soon, a very well trained bilingual staff, and an upcoming business education program. The introduction of these services is timely since credit to small businesses has become increasingly difficult to obtain."

The program will offer loans up to \$10,000, savings and checking accounts, certificates of deposits, and educational workshops. ♦



COOPERATIVA
LATINO
CREDIT UNION

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CU BIKE TOUR RAISES \$15,000 FOR VETERANS

The Northwest Chapter of the North Carolina Credit Union League — with the help of Mock Orange Bikes — hosted a bike tour recently benefitting "Hope for the Warriors," a nonprofit organization that provides medical care and support for injured servicemen and women. More than 100 donors contributed \$15,000 to the cause. The fundraiser featured a bike ride across the backwoods hill country near Winston-Salem.

There was an outpouring of support for the event from credit unions, their employees, and volunteers. Fifty bikers joined the tour, which included jaunts of up to 50-60 miles, starting in Lewisville. Allegacy Federal Credit Union of Winston-Salem coordinated arrangements, signups, and marketing.

League officials said the next steps in the Hope for the Warriors benefit will be to raise more contributions from other chapters across the state and to make plans for another bike ride in June in which CU participants will visit all five major military bases in eastern North Carolina. The ride will end at Camp Lejeune, where a

Serving the Community



check will be presented to Hope for the Warriors. ♦

TEENS LEARN FINANCIAL SKILLS AT CU ACADEMY

This spring, Redwood Credit Union in Santa Rosa, California is partnering with the Santa Rosa City School District to offer



a free educational academy on financial literacy. The 16-hour course will cover such topics as budgeting, financial planning, saving and investing, credit, debt management, and other life skills related to managing money. High School students at any Santa Rosa high school are eligible to enroll.

The program uses the High School Financial Planning Program created by the National Endowment for Financial Education.

Bret Martinez, President and CEO of RCU, believes that everyday money management is an essential life skill that should be required in public school coursework. "Key financial skills learned at a young age are beneficial for a lifetime, and we hope to eventually see financial management skills made a mandatory part of the state's high school economics curriculum," he said ♦



Comments? Suggestions? Questions?

Call the Credit Union Center Hotline:

1-800-278-6661