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President – Callahan & Associates Inc.



Building relationships. Strengthening credit unions.

Make “Really Big Plans:” Credit Unions’ Unique Value for America

April 28, 2011
Orlando, Florida



Topics for Discussion

- Is there still a need for credit unions?
- The performance record
- Reform priorities
- Proclaiming your vision

Four Questions About Credit Unions' Strategic Position in the American Economy Today:

1. Is there still a need for tax-exempt, not-for-profit, cooperatives in the American economy?
2. If so, what is the need?
3. Have credit unions demonstrated the ability to fulfill this role? How and when?
4. What changes are necessary to enhance this cooperative contribution in America's future?



Will answers to these questions enhance credit union growth and reduce costs?

“Different by Design”



Edward Filene

“a progressive reformer”

A societal shift is taking place. Acting for the common good is the preferred solution.



Different by Design
2011 CREDIT UNION DIRECTORY

II. The State of the Credit Union System

December's Forecast: "Make Big Plans for 2011"

The headlines since then...

Fed improves outlook for growth

Consumer Confidence Hits Highest Level in Three Years

US auto sales jump 27 percent in February

Sales of existing homes on rise across U.S.

New Car Sales Headed for Double Digit Percentage Gains

Consumers paying debt, saving more

PACE IS FASTER THAN EXPECTED

Situation is boost for economic recovery

extend loans and have written off billions of dollars in loans that went bad.

But a range of government and private data show that ordinary Americans, such as Brenda Marshall of Clinton, are playing a large role in improving the economic picture.

"I never would have thought I would be able to get my credit remains very high by historical standards. And the personal savings rate remains well below the average of 7 percent for the past 50 years.

But analysts who study personal finances say that savings rates and debt ratios are not going to return to their 1980s levels. So the adjustment shouldn't take much longer.

on washingtonpost.com
User poll

Have your saving habits changed since the recession? Express your opinion at washingtonpost.com/politica/economy.

that through 2009 there's evi-

MORE SIGNS OF RECOVERY

Economy gathering strength

Jobs, housing remain a drag, but tax cut should help fuel more consumer spending

By Jeannine Aversa
Associated Press

THE GDP FORECAST

WASHINGTON — Expectations for economic growth next year are turning more optimistic.

+4%

Strongest showing since 2000

4Q 2010 Credit Union Results

“Entering 2011 with Momentum”



Laissez Les Bon Temps Rouler!

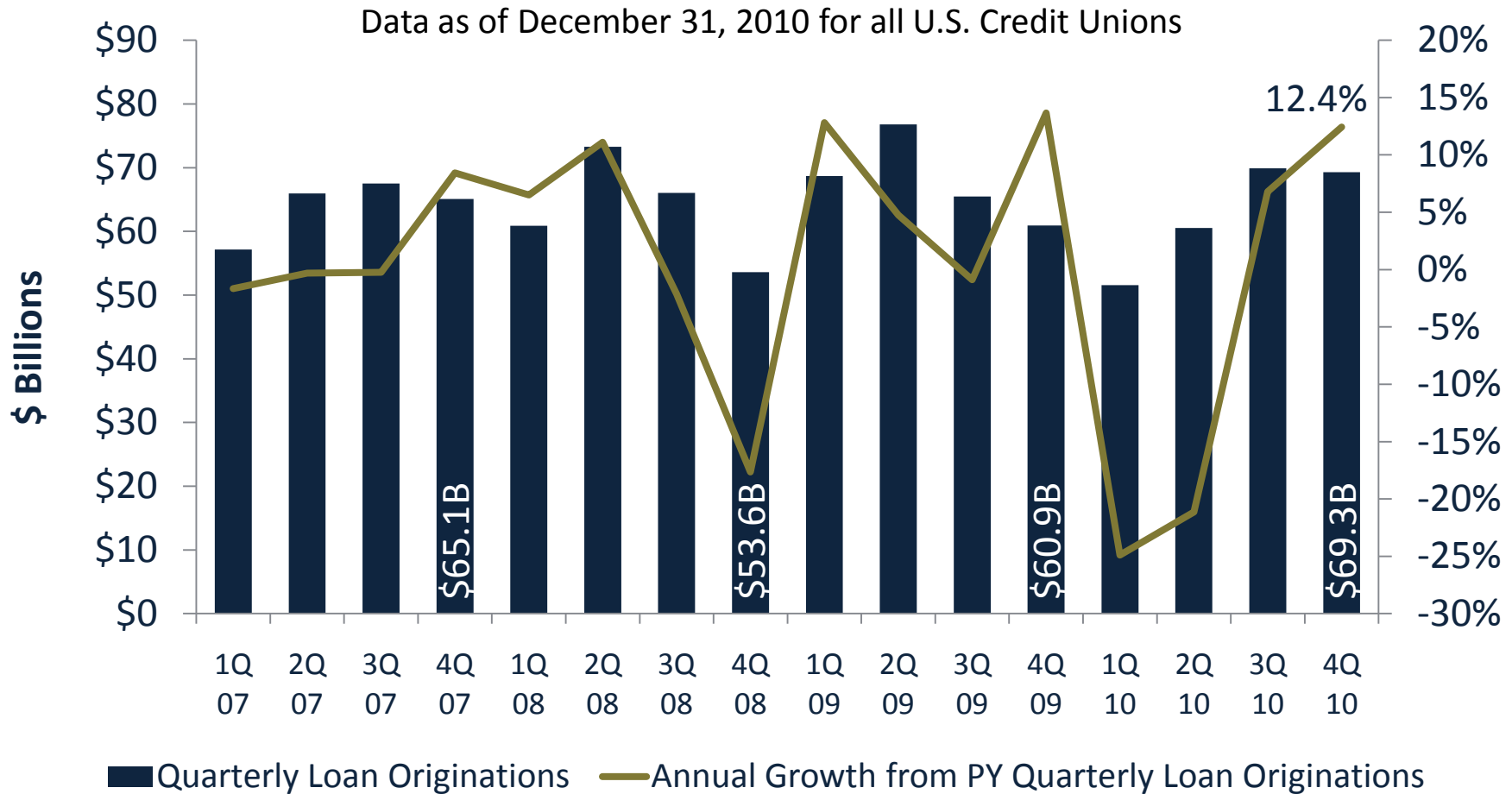


4Q10 Credit Union Performance

“Entering 2011 with Record Setting Momentum”

- Record loan originations for both the fourth quarter and last six months in 2010
- Net income nearly triples (197%) 2009 levels
- Capital and liquidity position credit unions to serve reinvigorated consumers this year

\$69B in loan originations is the highest fourth quarter loan volume ever for CUs



Four Reasons for The “Big Plan” Outlook

- Economy is back – growing consensus 4% GDP growth
- Credit union balance sheets – liquid, ready to lend, and well-positioned
- Members’ needs & competitors’ approaches *
- Financial reform – still a national priority – provide consumer a fair deal – check “institutional” greed; system reform implementation on going

* *A \$1 trillion “land shift” in receivables to “local community FIs”*

Structural Changes Point to Growing Role for Credit Unions

- Government cut backs
 - Teachers, firefighters, government employees
 - Student lending
 - Municipal financing
- The need for local institutions
 - The Big 4 Banks
 - GSEs
 - Thrift industry disappearing



A Shift in Values

- Porter's Vision for the "New Capitalism:"
Creating Shared Value
 - "Social needs, not just conventional economic needs, define markets
...it is about expanding the total pool of economic and social value"

Source: HBR Jan-Feb 2011



- Starbuck's CEO Howard Schultz
 - "In 40 years, the core of our mission will still be about achieving that fragile balance between profitability and social conscience. Without the latter the former is unsustainable."

Source: USA Today, March 7, 2011

Thoughts from the Industry

*“Credit Unions
will always be here”*

Doug Fecher
CEO, Wright-Patt Credit Union






Educators Credit Union

 Helping members since 1937

 Assets: Over \$1.2 Billion

 Membership: 97,000

 Locations: 17 Branches





Fast Lane Financing

- 🏁 Begin in Spring of 2008
- 🏁 Goal – Save **\$1 Million** interest on auto refinances
- 🏁 Finish Line- Met goal by November 2008 🏁





A New Era began...

- 🚩🚩 January 2009
- 🚩🚩 Save **\$3 Million**
- 🚩🚩 On interest on **ANY** loan
- 🚩🚩 Crossed the **Finish Line**

May 13th 2009



Contents

Your Credit Report and Your Score

Establishing/Re-establishing Your Credit

Improving Your Score

Fraud, Identity Theft and Protecting Your Credit

Monitoring and Freezing

Bankruptcy and Credit Counseling.....

Spending Plan.....



Educators Credit Union

Spending Plan

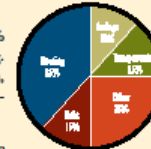
Your budget will change as your needs and wants change, so do more with what you have—build a better spending plan.

A well-designed plan is an ideal channel for you to reach goals and achieve financial independence. Keep in mind that a spending plan is not about hardship; it's about goal achievement. Be prepared to make some changes if your current spending habits are keeping you from achieving that goal—there is one consistent rule: expenses should never exceed income.

Budget Guidelines

These are the suggested percentages of net income that should be allocated to your expenses:

- **Housing:** Spend no more than 35% of net income (after taxes) on housing. Depending on whether you rent or own, to include: mortgage/rent, utilities, insurance, taxes and home maintenance.
- **Savings:** Save at least 10% of net income throughout your working life. Make sure you have 3-6 months income in an emergency fund before you start saving for other goals.
- **Transportation:** Spend no more than 15% of net income on transportation. That includes: car payment, auto insurance, tag or license maintenance, gasoline and parking.
- **Debt:** Spend no more than 15% of net income on all other consumer debt: students loans, retail installment contracts, credit cards, personal loans, tax and medical debts.
- **Other:** Spend no more than 25% of net income on all other expenses: food, clothing, entertainment, child care, medical expenses, charity and vacations.



Helpful Hints

- **Stay Organized:** Pay your bills on time, set up an area in your home for money management, have your spending plan on hand and refer to it often.
- **Monitor Progress:** Mark your calendar with milestones. Carry a small notebook with you and record every purchase you make. Add up your daily spending. After a few weeks of doing this, you will have a good idea of where and how you spend your cash.
- **Emergency Account:** Establish and maintain a savings fund that would act as a safety net in the event of an emergency, such as illness or job loss. This will prevent you from turning to credit cards or family in times of financial crisis. A good rule of thumb is having three to six times the amount of your essential living expenses readily available.

- **“Special” Savings Accounts:** Set aside money for a specific purpose. Some examples are insurance, vacation, taxes, Christmas or a new purchase.
- **Direct Deposit:** To help you save effectively, sign up for automatic deposit with your financial institution.
- **Credit Cards:** On the positive side, they are extremely convenient, useful and have good features. On the negative side, it is easy to get yourself in over your head in a hurry. When it comes to credit cards, compound interest can work against you. If you carry a balance from month to month, you'll be paying interest on your interest.
- **Consolidation:** If you are juggling many different credit cards, try consolidating them into one or two. It can make repayment easier and more efficient. Credit card debt can easily spiral out of control, so limit credit card use to only when you can afford to repay the balances in full. Close unused and unnecessary accounts.
- **Be realistic.** Recognize that your goals won't be achieved overnight, and that changing habits takes work. Need more help? Educators can assist you with basic budgeting. Visit our website at www.ecu.com. If you need more detailed assistance, we recommend two other options:

Balance, a financial fitness organization, provides free confidential personal money management consultation, after which you will receive a written action plan consisting of recommendations for handling your finances. They can be reached at (888) 456-2227 or on the web at www.balancepro.net/partners.educators.org. Or, contact **Consumer Credit Counseling** at (262) 634-2391 in the Racine and Kenosha areas or CCC at (414) 482-8801 in the Milwaukee areas.

Bottom Line

Once you have determined the total of your income and expenses you are ready to determine your bottom line. Subtract the total of all expenses from your income. If the result is a positive number, you can add the extra money to your savings to reach your goals sooner. If your expenses exceed your income, you'll need to make adjustments to bring your finances back into balance.

Could you increase the amount you're saving by earning more or spending less? Making lifestyle changes means breaking poor habits. You may be accustomed to shopping without considering whether you can afford the items (and charging them to credit cards). Adjusting this behavior may be difficult and feel like denial. It will take work and commitment to change habits. Keep in mind that the advantages of doing so far outweigh the disadvantages and can help you achieve other goals.

Monthly Net Income	-	Total Expenses	=	Balance



Educators Credit Union

What Are You Going To Do Now?

Keep the plan going! A well-developed spending plan is your springboard to financial independence. The key is to spend wisely and use your dollars effectively. It will help you clarify objectives, organize personal finances, refine spending and attain your goals.

To make sure you are staying on track, it's a good idea to review your expenses and spending habits annually.

Setting Goals

Your financial goals are specific things you want to do with your money. They are the final rewards that encourage you to stick to your spending plan.

Would you like to repay a debt, buy a new car or save for a down payment on a home? Strive to keep your goals reasonable and realistic. Once you have determined what your goals are, the calculation is simple: the amount of the goal divided by the number of months you have to save.

	Target Date	Total Needed	Current Saving	Additional Saving Needed	Pay Periods Until Target Date	Savings Needed Per Pay Period	Savings Needed Per Month
Short-Range Goals							
Mid-Range Goals							
Long-Range Goals							

Getting Started

There are two simple parts to a spending plan: Income and Spending. Begin with monthly income, as it will determine what you can afford to spend and save each month. Then fill in your monthly expenses. Some essential expenses will be fixed (the same amount every month) while others will be variable (for example gas and electric may be more or less based on the season). For those that are variable, determine an average by totaling what it typically costs for a year, then divide that amount by 12 months.

Monthly Income	Health
Paycheck	Medications
Paycheck	Doctor
Tips/Commission/Other	Dentist
Social Security/Pension	Optometrist/Lenses
Child Support/Alimony	Insurance
Total Monthly Net Income	Exercise Classes/Health Club
Housing	Misc.
Rent or Mortgage	Total
Gas/Electric	Food
Water	Groceries
Phone	Work Lunches
Cell Phone	School Lunches
TV/Cable/Internet	Total
Insurance/Maintenance	Education
Property Taxes	Lessons
Total	Tuition
Transportation	Books/Supplies
Car Payment	Total
Car Payment	Personal
Gas	Haircuts
Insurance/Maintenance	Toiletries
Bus/Taxi/Toll/Parking	Clothing
Total	Other
Loan Payments	Donations
Credit Union	Total
Credit Card	Entertainment
Credit Card	Vacations
Credit Card	Dining Out
Loan	Movies/Plays/Music/Sports
Student Loan	Total
Total	Savings
Family	Credit Union
Life Insurance	Education
Legal-Child Support/Alimony	Company Savings Plan
Child Care (Daily/Occasional)	IRA
Allowances	Other
Gifts	Total
Pets: Food and Medical	Total Debt
Total	
Total Monthly Net Income -	Total Debt =



Educators Credit Union

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Social Security/Pension	Optometrist/Lenses
Child Support/Alimony	Insurance
Total Monthly Net Income	Exercise Classes/Health Club
Housing	Misc.
Rent or Mortgage	Total
Gas/Electric	Food
Water	Groceries
Phone	Work Lunches
Cell Phone	School Lunches
TV/Cable/Internet	Total
Insurance/Maintenance	Education
Property Taxes	Lessons
Total	Tuition
Transportation	Books/Supplies
Car Payment	Total
Car Payment	Personal
Gas	Haircuts
Insurance/Maintenance	Toiletries
Bus/Taxi/Toll/Parking	Clothing
Total	Other
Loan Payments	Donations
Credit Union	Total
Credit Card	Entertainment
Credit Card	Vacations
Credit Card	Dining Out
Loan	Movies/Plays/Music/Sports
Student Loan	Total
Total	Savings
Family	Credit Union
Life Insurance	Education
Legal-Child Support/Alimony	Company Savings Plan
Child Care (Daily/Occasional)	IRA
Allowances	Other
Gifts	Total
Pets: Food and Medical	Total Debt
Total	
Total Monthly Net Income -	Total Debt =

Let's keep going!



- January 2010
- Goal \$7.5 Million
- Crossed the finish line



- NO WAY will we Quit !!!
We Love our members too
muc



🏁 New Goal 🏁 Save \$10 Million 🏁



We will help our members! Life in the fast lane...



Educators
CREDIT UNION
Serving Southeastern Wisconsin

Sign in to WEBBranch

FIND A SURCHARGE-FREE ATM!

Zip Code

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Don't Go Near a Car Dealership Without Attending Remar Sutton's Car Buying Webinar.

April 20th at 7 PM.

[Click here to register.](#)

- **Don't Go Near a Car Dealership Without Attending Remar Sutton's Car Buying Webinar TONIGHT.**

My Car Rate is Better than Yours!

Get a better car loan rate with our special 2.99% APR!

Surviving on Less Income

Educators Credit Union is committed to helping members during tough times, especially when income is lost due to benefit cuts or layoffs. [Click here](#) for details and helpful resources.

Do You Have a Checking Account at a Bank?

If you don't already have a checking account at Educators, here's *why* you should switch! Check out our new **Bank Free website!**

Making Car Buying Easier

Looking for a car? Educators Auto & Lease can make it easier with the

Contact Live Support Staff



[Click Here to Chat](#)

Monday-Friday
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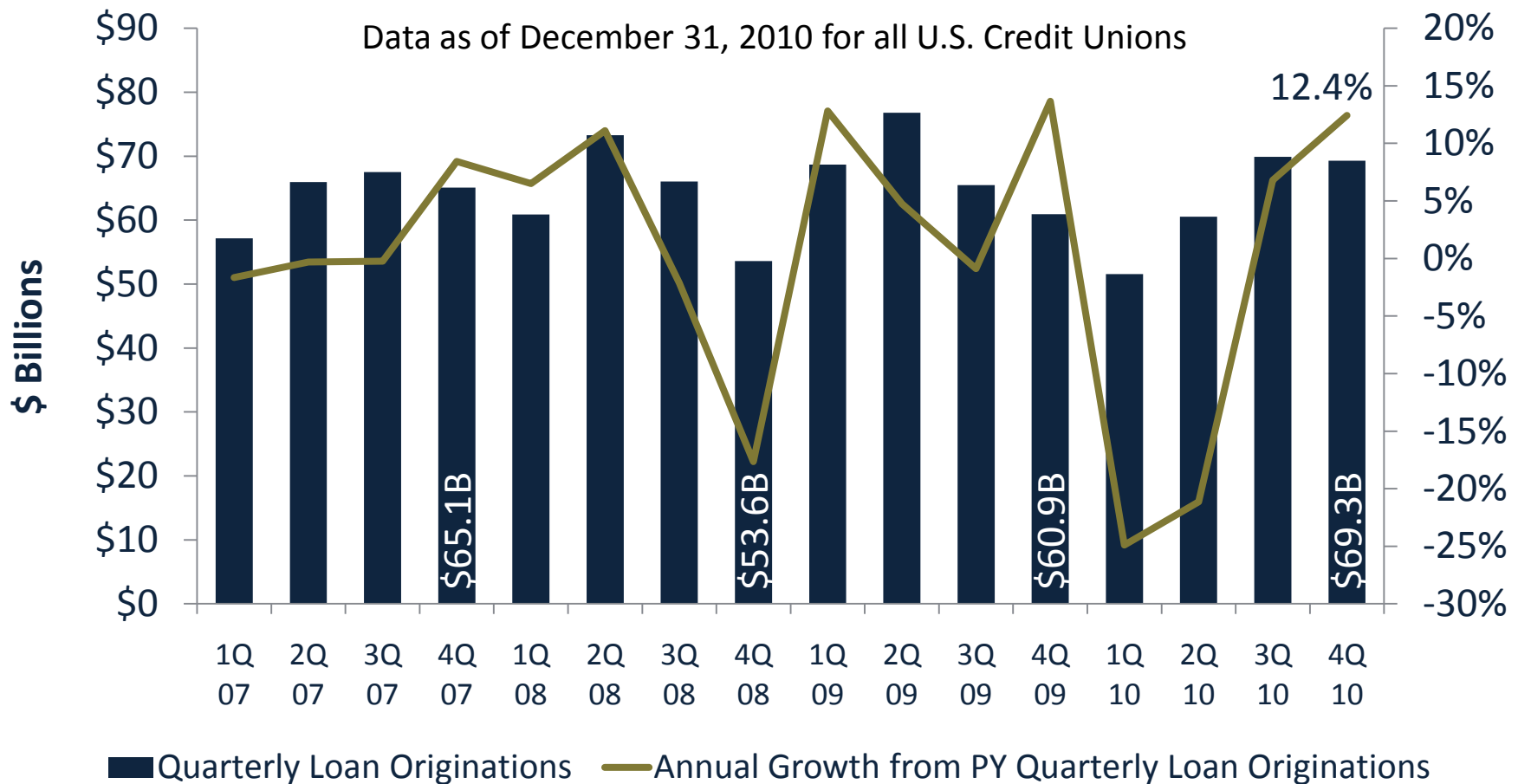
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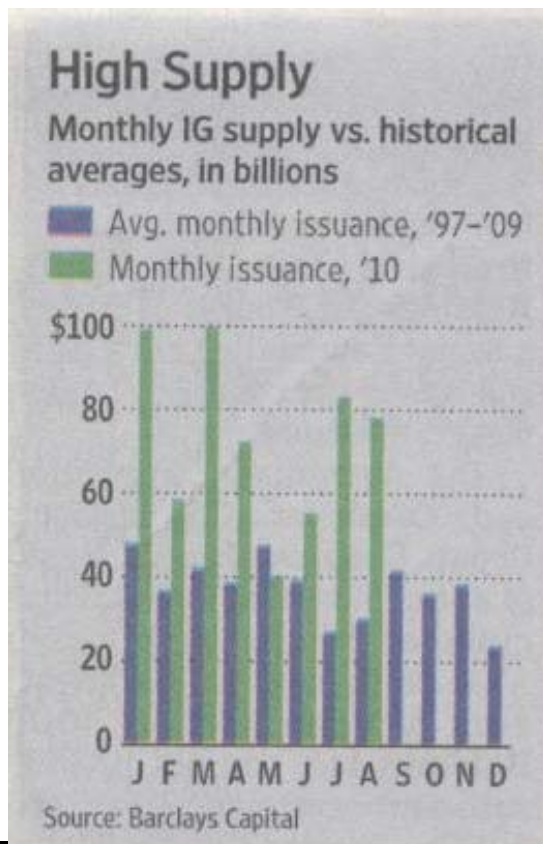
[Event Calendar](#)

\$69B in loan originations is the highest fourth quarter loan volume ever for CUs



Corporate America is Refinancing: “Blue-Chip Borrowers Sell Debt in Drove”

THE WALL STREET JOURNAL.



“Corporate borrowers are enjoying a golden moment of super-low interest rates” with monthly debt issuance by investment grade companies in 2010 running at more than double the average of the previous 12 years

September 9, 2010



WRIGHT-PATT CREDIT UNION (FAIRBORN, OH)

- \$600 million pipeline – 80% of which are refinancings
- ~ 8,000 loans
- Members save ~ \$115/month
- #1 lender in two county market



The Reform Imperative: Different by Design or “Bank-Lite?”

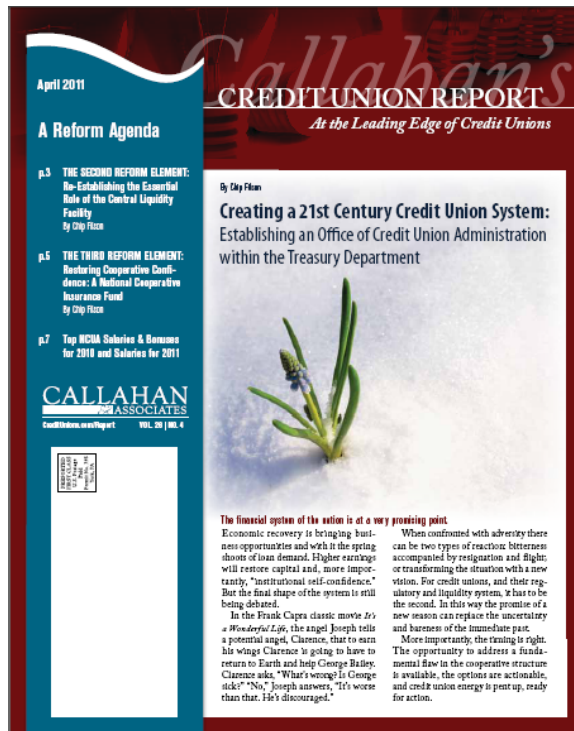


Reform is Occurring at all “Levels”

- Balance sheet – growth constraints – diversification
- Corporates / CUSOs – new roles & business models
- NCUA’s regulatory “agenda” e.g. financial literacy
- Dodd-Frank: role of financial institutions & “systemic risk” in the American economy.

Why Reform @ NCUA Level?

- “Missing in action” during the crisis
- New structures for system growth



April 2011 Callahan Credit Union Report

**“Creating a 21st Century Credit Union System:
Establishing an Office of Credit Union
Administration within the Treasury Department”**

The CLF: Missing in Action with \$41B

Federal reserve's lending to credit unions

October 2008	13	88	\$34.6B
November 2008	12	94	\$96.9B

CLF: Nonresponsive to requests from both Corporates & natural person credit unions in same months



NCUSIF: Over-reserved and No 208 Assistance from NCUSIF

- 2010 fund premiums were excessive & based on “apocalyptic” forecasts
- \$221M actual losses in 2010 (\$188M est. St. Paul Croatian)
 - \$929.5M premium expense
 - \$1.3B in reserve account
 - 1.28 equity ratio
 - Reserves are 37 times actual losses due to economic factors in 2010



Four Reform Actions

Essential elements of system reform

1. Re-establish the cooperative intra-system liquidity funding, with credit union governance of CLF
2. Restructure NCUSIF with participation, representation, and direction by credit unions – separate NCUSIF from regulatory activity
3. Create Office of Cooperative Administration: meet with GAO and Congressional committees with oversight
4. Design cooperative approaches for secondary market access, municipal finance, member savings programs, and emerging payment solutions

Banks Want Pieces Of Fannie-Freddie Pie

Hedge funds soar on mortgage plays

Big Banks Push for Lucrative Pieces of the Fannie-and-Freddie Pie

From First Business Page

Obama Currying Favor With Big Banks

W.H. pro-jobs pivot signals
better days for Wall Street

BY BEN WHITE

It's clearly safe to be a banker again in President Barack Obama's Washington.

For months, especially during the fierce debate over financial reform, top bankers were largely unwelcome at the White House, castigated as "fat cats" who would use their army of lobbyists to decimate any serious attempts at reregulation.

They largely succeeded at doing just that. Nothing in the new Dodd-Frank Wall Street Reform and Consumer Protection Act is going to change the face of the financial industry, though the legislation may make it slightly safer and less profitable. And bank lobbyists are working hard to persuade agencies to water down the reforms during the implementation phase and to urge the new Republican-controlled House to change the law.



REUTERS
JPMorgan Chase
CEO **Jamie
Dimon**

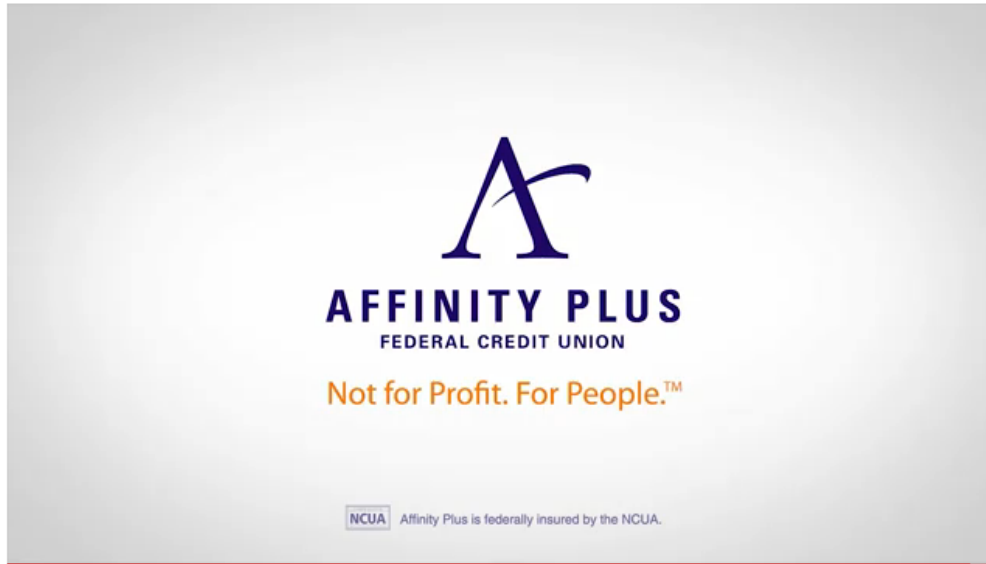
Yet despite all this,

Debit Interchange: An Opportunity

YouTube Search | Bro

Ditch Your Bank

AffinityPlusFCU 1 video



0:31 / 0:31 360p

1,661


Uploaded by AffinityPlusFCU on Mar 29, 2011

Tired of the endless stream of fees, charges, and rate increases your too-big-

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17 likes, 0 dislikes





Porter's Vision from the Crisis for the "New Capitalism:" *Creating Shared Value*

"Social needs, not just conventional economic needs, define markets . . . it is about expanding the total pool of economic and social value . . . The competitiveness of a company and the health of communities around it are closely intertwined."

Credit Unions: Building a More Cooperative America



“Yes, the money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit.”

*Franklin Delano Roosevelt
First Inaugural Address
March 4, 1933*



Credit Unions’ “Intensely Local Advantage: We are at the Economic “Grass Roots”

- Field of membership heritage – we put members first
- Relationship focused “take the long view”
- Reinvest ourselves with our members & communities
- Operate at the grass roots – local decisions and knowledge
- Scale to “our” markets plus access to national CUSO channels
- A belief in our members’ hearts & minds that cooperatives are a better way. “VALUES.”

“We recommend using a local lender, not an internet site . . . we can almost always find a local lender to meet or beat the rate and you’ll have the comfort of working with a local, knowledgeable, and accountable leader.”

*The Schuck Group Realty
October 2010*

Our "Local Advantage"



boeing credit union alumni commercial

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BECUVideo

142 videos

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31,277

Uploaded by BECUVideo on Feb 14, 2011

Behold some of the University of Washington's most famous alumni

101 likes, 2 dislikes

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Anatomy of a Living Brand



a look inside
Wright-Patt Credit Union



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INTRIGUED.
INNOVATIVE.
GET INSIGHTS.
INVIGORATED.
INFORMED.
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