



# UPDATE

A Newsletter for United Educators Credit Union Members

December 2011

## 2011 MESSAGE FROM THE PRESIDENT

This annual end of the year summary is offered to inform you about our overall financial performance, along with some special highlights that occurred in 2011. I'm pleased to report that we recorded solid improvement from 2010 and had notable growth during a weak and fragile economy. These results would not have been possible without your support and active use of our competitive products and service solutions. The sound position of our financial cooperative is one of the positive outcomes from being the only state-wide, member-owned financial, dedicated to serving school employees and others who are connected with this special common bond.

◆ **Assets grew to \$123 million** as we continue to be a safe harbor choice by our membership. It happened from your growing account relationships and referrals of new members, coupled with the positive response to the relocation from an outgrown, leased facility to our new branch building in Coon Rapids. Additionally, special growth came as more consumers learned about our credit union's unique differences following their disenchantment with the fee driven banks.

◆ **Savings Deposits increased 4%** in another year of exceptionally low rates. Most activity was in the tiered rate VIP account, free checking, CD's and IRA's - all federally insured to \$250,000 by the NCUA and

privately insured up to another \$250,000 by Excess Share Insurance. Despite the prevailing economic cycle - featuring a Federal Reserve zero rate environment - we expect an eventually rates will rise once again.

◆ **Consumer Credit portfolio** contracted even though borrowers transferred higher cost loans and credit card balances from other institutions to us for improved rates, lower payments and reduced fees.

Members mirrored the general borrowing public by being very conservative in their spending and cautiously using any new personal credit. Similar to last year, we experienced higher delinquency and loan charge off figures above our historic averages. However, our ratios are still less than others in our industry since we never extended subprime credit or chased loan types beyond traditional personal consumer lending. Currently our delinquency rate is declining and were noticing a reduction in borrower bankruptcies, which raises optimism about improvement of the consumer's budget.

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## TAX TIME

### **Direct Deposit Your Return**

If you're lucky enough to be getting a tax refund this year, planning ahead about where you would like the money to go could be very helpful. Have you thought about automatically depositing your tax return into your UECU account? It's easy and fast!

Decide if you want your return deposited in your UECU Savings or Checking account. To use your Savings Account, supply your member number as your account

number (**do not include the Share type such as 'S1'**). To use your Checking Account, supply the 12-digit number found on the bottom of your checks.

This number is the second number from the left and starts with a number '7'.

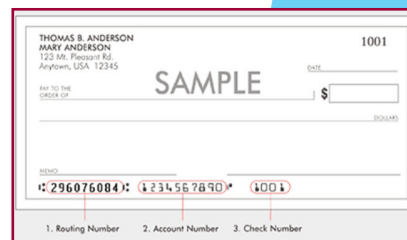
**United Educators Credit Union routing number: 296076084**

Following these tips will ensure your tax return is directed to the correct account. If you have any questions feel free to contact us.

### **1098 & 1099 Reminder**

You will receive separate 1098 (Mortgage Interest Statement) Tax Form for each Mortgage Loan that has paid at least \$600 in interest. Members who have received combined dividends of \$10 or more on non-IRA Share and Investment Accounts will receive a 1099-INT (Interest Income Statement). If you wish to inquire about interest amounts below these limits, please consult your December 2011 UECU year-end statement.

Feel free to contact us with any questions at **800-229-2848**.



◆ **Equity Capital Reserves are \$12 million.** This ratio is near 10% and is “well capitalized” above our peers and the 7% regulatory base set for credit unions. This accumulative surplus shelters us from potential loan loss risk, and permits us to weather the earnings squeeze caused by external economic factors, plus cope with the impact from unintended costs by hastily enacted laws and regulations. We also absorbed a \$268,000 expense as our share of industry costs. This is the second year we have received a billing from the NCUA as a result of national wholesale corporate credit unions having to book large losses from investments in highly rated securities that had become devalued during the 2009 financial turmoil. We have been informed to expect these industry stabilization assessments to reduce annually for several more years. All U.S. credit unions receive these assessments instead of taxpayers because of the unique non-public nature of being a credit union. Throughout the year we were able to identify ways to control the operating budget and reduce some expenses, resulting in a positive net gain for 2011, that added to our Reserve Fund without degradation in member service or programs.

We were pleased to offer improved and new programs such as a new partnership allowing us to be your source for low-cost first real estate mortgages, a better way to switch to UECU for free checking, and helpful online resource tools linked to our web site. Similar to prior years, 2011 had ongoing behind the scene operating upgrades to assist staff to more effectively deliver quality service to members. In the future you can look forward to technology announcements about mobile banking and other self-directed access options as we expand our “electronic branch.”

I’m pleased to confirm that the Board, Supervisory Committee and employees responded timely and effectively to some extensive federal regulatory changes effective this year. We reviewed key corporate responsibilities such as updating the organization’s succession plan, and strengthened the controls to critical business risk areas that included the Information Services Dept. staff conducting a successful disaster recovery test. Also, all of the directors have successfully met a new NCUA proficiency expectation by attending credit union financial statement interpretation training in addition to regular training opportunities to update their information needs. These as well as other key organizational areas have been favorably confirmed by independent groups following our annual CPA audit, multiple compliance risk reviews, a federal and state exam, and a corporate insurance risk exam in 2011.

We maintain unwavering focus and commitment to the educational community. We are proud to have started as the first business Teacher of the Year sponsor and have sustained that support 25 years. Along with school partnership programs and a host of state-wide involvement activities, we offer an increasing variety of scholarship awards and grants to educators through our United Educators Foundation.

We appreciate your past support and together we shall continue the growth, and development of the credit union for the cooperative financial advantage of our membership in the years ahead.

Cooperatively,



Delbert J. Danielson, President & CEO

## 2011 SCHOLARSHIP OPPORTUNITIES

Applications for the United Educators Foundation Scholarship Award program are now available! United Educators Foundation will grant **three \$1,000 Student Awards, one \$2,000 Educator Award, and one \$1,500 Education Major Award.** The deadline for these awards is **Friday, February 10, 2011.** More information and applications are available online at [www.uecu.coop](http://www.uecu.coop).



### Web Site & Toll Free Number

[www.uecu.coop](http://www.uecu.coop) 800-229-2848

### Apple Valley Branch

14989 Florence Trail, Apple Valley, MN 55124  
Phone: 952-997-2200 Fax: 952-997-2289

### Eden Prairie Branch

7912B Eden Road, Eden Prairie, MN 55344  
Phone: 952-832-0151 Fax: 952-832-0031

### Coon Rapids Branch

11599 Robinson Drive NW, Coon Rapids, MN 55433  
Phone: 763-706-3950 Fax: 763-706-3955

### Woodbury Branch

6789 Upper Afton Rd, Woodbury, MN 55125  
Phone: 651-264-0669 Fax 651-264-0203

