

KEYSTONE

Extra

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Association Half-Time Update

By **Jim McCormack, President/CEO**

This is a 2011 half-time report to detail what we've done as an Association for the advancement and health of the credit union movement. Overall, credit unions in Pennsylvania continue to exceed national averages in all categories. Year-to-year loan growth is almost 2%. While not all credit unions are growing at the same rate, overall statistics show credit unions in Pennsylvania are healthy. Through our statewide awareness campaign, we continue to increase consumer awareness and membership in credit unions.

Advocacy will always remain the focus of any trade association and we are no different. Following the 2010 elections, there are new legislators and staff to educate about the credit union difference. We also have a new Governor, which brings a new Cabinet, including a new Secretary of Banking. It was historic that we were able to have a credit union voice, Rick Stipa, CEO of TruMark Financial Credit Union, on the Governor's transition team. I was pleased that we have been able to dialogue with the new Secretary of Banking Glenn Moyer and that he also addressed attendees at our Annual Convention. Trade associations help to lay the path to bridge relationships with those in power positions.

Pennsylvania also has a new United States Senator, Pat Toomey. In his first six months, we have been able to forge a positive relationship and dialogue. Toomey is a member of the Senate Committee on Banking, Housing & Urban Affairs, which is a very key committee for all financial services decisions. At the Congressional level, Pennsylvania voters elected five new representatives. During the early months of 2011,



Remembering Ron Lasich – Former Chairman, Friend & Mentor

Ron Lasich said many times that it was the *People Helping People* philosophy that attracted him to credit unions. During his 38-year career, Lasich lived that philosophy in the credit unions he served, with the colleagues and friends he mentored, and in his personal life.



Ronald J. Lasich, Sr.

Ron Lasich, 66, President/CEO of Visionary FCU, Bridgeville, and former Association Board Chairman died Saturday, June 4, after a long illness. He served on the Association Board of Directors for 12 years, 1993-2005; was Chairman, 2003-2005; and was Chairman of the Pennsylvania Credit Union Foundation, 2005-2007.

"I've known Ron for more than 35 years. At times, Ron may have seemed gruff on the outside, but he was a very caring person and went out of his way to help people in the true credit union *People Helping People* spirit," said Jim McCormack, Association President/CEO.

His first connection with a credit union was when he took out his first loan in 1963 as a college student. Ten years later, he became treasurer and director of the Mon Conn FCU, which merged with Union Electric Steel FCU in 1994.

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Congressman Mike Fitzpatrick (center) took time to meet with Association Board members and staff, including President/CEO Jim McCormack (left) in the U.S. Capitol building during the CUNA GAC in February.

the Association laid the groundwork toward relationship building with all new Congressmen. This is particularly important with Congressman Mike Fitzpatrick, who serves on the Committee on Financial Services. Through Bruce Foulke, CEO of

American Heritage FCU, we have been able to communicate issues important to credit unions to Cong. Fitzpatrick and his staff.

Both the federal and state have new legislative sessions and we continue to monitor all legislation introduced for its potential impacts on credit unions. Issues of importance of late have been ID theft, payday lending, appraisals, employment, community development, Marcellus Shale, healthcare, *REAL ID Act*, local taxation, sales and usage taxation. Federal and state governments are struggling with budget deficits, so we are diligent in watching any attacks on the credit union tax-exempt status.

At the federal level, there continues to be fall-out from the *Dodd-Frank Act* and its impacts to the financial services industry. With input from our Board and Regulatory Review Committee, our General Counsel has filed eight comment letters since January, and more are in the pipeline. This just shows the barrage of rules coming from Washington, D.C.

Like you, we are concerned with the impacts of interchange. Likewise, we were extremely disappointed in the vote on the Tester amendment earlier this month. We knew the voting would be tight, as it required 60 to overturn. We did garner a majority, but fell just short (5) of the 60 needed. Personally, I was saddened by the “no” vote by Senator Bob Casey. We’ve had a good relationship with Sen. Casey, but it shows that no relationship is rock-solid. While we as an Association work to build relationships, it really takes input from those they care about the most — voters. The Association cannot vote, but the 3.5 million credit union members can.

In April, the Association, along with its partner *CU Student Choice* and representatives from several Student Choice participating credit unions, held a student lending fair at the state capitol. This not only educated lawmakers about credit unions offering private student loans, but through one-on-one meetings, lawmakers and their staff were apprised of all the good things that credit unions do in their communities daily. Don’t forget to include your city/town and state lawmakers when holding events like branch openings, kid’s activities, and member appreciation days. They may not be able to attend, but keeping your credit union on their radar is always helpful.

From our service corporation, I am pleased that we were able to renegotiate with our partner, FIS, to bring lower rates for cards to our credit unions. We conducted an exhaustive research on our program, including utilizing outside experts to help guide us. These new lower rates will help the 236 credit unions we service in providing vital card services to their members.

In addition, we continue to enroll credit unions to offer first mortgages through First Heritage Financial, LLC, and private student lending via the aforementioned Credit Union Student Choice.

One letdown has been that we tried to forge a partnership with the Pennsylvania Association of Community Bankers on commonalities, particularly Women in Banking. Initially, they were on board, but have since wavered, despite our recent mutual support of interchange. We will continue to look for ways to share and gain expertise with credit union and other groups.

The remainder of 2011 will undoubtedly continue to bring challenges. Of course, we see no let-up in the legislative and regulatory arena. Though most credit unions are exempt from the Consumer Financial Protection Bureau, we continue to monitor and watch for impacts on all credit unions. We also continue to navigate on behalf of credit unions the turbulent waters of health insurance and the “exchanges” targeted to begin in 2014.

As always, you can keep up-to-date on all Association happenings through our various communication vehicles: *Life Is A Highway*, *Keystone Extra*, website (pcua.coop), Twitter (@PCUA), or even Facebook.

Sneak Preview - Fall Leadership Conference

Discover what your credit union needs to know at the **2011 Fall Leadership Conference**, September 8-10, at Seven Springs Mountain Resort.

Among the many topics at this year’s conference, two sessions on Enterprise Risk Management (ERM) to help attendees understand how it can become the process whereby an organization optimizes the manner in which it controls risks and what role the board plays in developing an enterprise risk management strategy.

For complete details on the Fall Leadership Conference, click here to download the brochure or contact the Education Department at education@pcua.coop.



Remembering Ron Lasich

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In 1991, Lasich was honored by the Association with the Lifetime Achievement Award as Credit Union Volunteer of the Year award, recognizing his dedication and service to his credit union and the Pittsburgh Chapter, where he served as director and officers, including President. For many years, Lasich taught numerous accounting and auditing classes for credit union staff through the chapter.

In 1993, credit unions of District 3 elected Lasich to the Association's Board of Directors, and he served until May, 2005. When asked why he wanted to serve on the Board, Lasich responded, "Credit unions have been good to me, so I wanted to give something back."

In 1994, rather than relocating with his employer, he resigned from his 25-year position with LTV Steel Railroads. Instead, Lasich began the search for a full-time career in the credit union movement, and found success in November of that year when he was named CEO of UCB FCU in Bridgeville. UCB FCU changed its name to Visionary FCU in 1997.

Lasich was elected Chairman of the Association's Board of Directors in April 2003. His two-year term covered a vital transition period which was a bridge to a streamlined Board governance and new Bylaws.

Among his many accomplishments was the establishment of the Pennsylvania Capitol View Room of Credit Union House in Washington, D.C., dedicated in 2005. Lasich was inducted into the Credit Union House Hall of Leaders in 2009.

Friend and colleague Cookie Yoder, CEO of City Co FCU and Association Director, said Lasich loved the credit union movement. "He believed in credit unions and was thrilled to have the opportunity to serve as the Association's Board Chairman and to represent Pennsylvania's credit unions at various meetings."

John Richards, friend and retired CEO of Stanwood Area FCU, who served with Lasich on the Association's Board, reiterated Yoder's comments about his dedication to credit unions and how he was honored to serve as Chairman.

Richards said, "Ron truly enjoyed his job and wanted to work until he was 70." Yoder added that "Ron often talked about how he wanted to get involved with financial education when he retired."

At every step of his career, Lasich prided himself on being a part of the credit union movement and worked to further its philosophy of *People Helping People*. He will be missed by his credit union friends.



Ron Lasich was an avid sports fan, particularly basketball and his beloved Pittsburgh Panthers. The Panther made a visit to the Association's 2005 Annual Convention to honor and surprise Lasich as outgoing Board Chairman.

Products & Services

Disclosed Overdraft Program Provides Extra Revenue In Challenging Economy

Legislative efforts scheduled to take effect on July 21, 2011, will make it more difficult for many credit unions to maintain a healthy bottom line going forward. And even though the pending Durbin (Inter-change) Amendment does not specifically include credit unions with assets under \$10 billion as its target, most industry experts believe they stand to lose substantial income with its passage.

Some credit unions are considering contingency plans that include lowering dividends on share certificates and increasing interest rates and fees to make up lost income. Resorting to increased fees or new charges for existing services, however, may backfire as consumers continue to face challenging economic conditions.

On the other hand, by offering transparent products that provide your members with the ability to better manage their finances, and taking the time to make sure they understand the fees, you can establish and maintain their trust, and improve your credit union's performance at the same time.

A fully-disclosed JMFA OVERDRAFT PRIVILEGE® program can increase your non-interest income from 50 to 300 percent, while providing a valuable service to informed members, should they make a mistake on their account or experience a financial emergency. Moreover, a top-performing overdraft program will give your credit union the much-needed revenue that will allow you to continue offering free checking. This, in turn, gives you a competitive edge to grab market share from those institutions that have returned to "service charge" checking.

If you currently have an overdraft privilege program, but you're not sure it meets all new regulatory requirements or is providing optimal revenue for your credit union, a JMFA Compliance and Performance Review SM can evaluate your program and provide all the recommendations necessary to bring your program into compliance and help you take full advantage of any performance opportunities.

John M. Floyd & Associates (JMFA), a Preferred Business Partner of the Association, is a profitability and performance improvement consulting firm, serving more than 2,000 financial institutions. All JMFA overdraft programs are guaranteed 100 percent compliant with federal and state regulations, offer 100 percent core processor compatibility, are fully automated, and easily implemented.

To learn more about JMFA, please contact Ken Kuzma (Ken.Kuzma@JMFA.com), JMFA Regional Director; or email your Association Account Executive.





Cross Valley FCU Board Chairman Richard Shields presented 10 employees with service awards representing more than 145 combined years of service.



Freedom Credit Union's John Veneziale, Vehicle Buying Advisor (standing) and Rick MacLeod, Member Services Lending Manager (seated), conducted a free seminar on vehicle buying for members at its Warminster branch. Following the session, each attendee either submitted a loan application or scheduled a follow-up appointment.



Discovery FCU's "Monarchs on a Mission" team participated in the American Cancer Society of Central Berks Relay For Life event and raised \$10,696. From left: Amy Rohrbach, Controller; Lynne Ruffner, Director of Lending; and Michelle Leone, Systems Analyst.



Sun East FCU Board Officers, Directors, and Management officially broke ground on a state-of-the-art flagship facility that will replace an existing branch in Concordville.



Members 1st FCU raised \$30,000 from its 14th Annual Golf Classic, held at The Links At Gettysburg. Three local non-profit organizations: CPARC; Tri-County Association for the Blind; and Family-Child Resources, Inc. were beneficiaries of the tournament, each receiving checks for \$10,000.



The N.W. Susquehanna Chapter and Northumberland County Schools FCU present checks from fundraisers during the Children's Miracle Network Telethon held June 5.

Events Calendar

July

25-28
National Credit Union Youth Involvement Board Conference, Pittsburgh

28

NCUA Credit Union Workshop, Pittsburgh

August

5-6

Chapter Leaders Retreat, State College

7-11

Judge/Bradley Leadership School, State College

September

8-10

Fall Leadership Conference, Seven Springs Mountain Resort

28-29

Payment Systems Conference, State College

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Visit www.pcuu.coop or contact the Association's Education Department for details on education programs and webinars.