

KEYSTONE

Extra

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Little e is Big In Savings, Protecting Members and Environment

The countdown is underway to March 13, 2013, when all federal benefit recipients must begin receiving their Social Security and other federal benefit payments electronically. The Treasury Department expects to save \$1 billion over 10 years once all recipients switch to electronic payments.

Credit unions are also encouraging members to make a switch to eStatements as a way to reduce costs for mailing paper statements.

The *Electronic Signatures in Global and National Commerce Act (ESIGN) of 2000* requires that members consent to receiving records electronically, and that consent must be via a method that indicates they can actually access their information online.

Members who are accustomed to paper may be hesitant to convert to eStatements until they are assured of personal convenience and financial protection. Many view online channels as less secure, however using eStatements lowers the risk of identity theft and mail fraud to members. Electronic postings are also more efficient and faster than paper mail delivery.

In addition to protecting personal information, eStatements provide a savings benefit to credit unions that could, in turn, benefit members. Forrester Research puts the prep and mailing costs of each paper statement at \$0.75-\$2.00, meaning organizations with monthly billing cycles could save nearly \$1 million annually per every 100,000 members on eStatements.

With the potential of decreased mail service and rising postage costs, eStatements become even more economical to the credit union.



Freedom Credit Union, based in Warminster, began holding Paperless Sweepstakes in August 2009, to encourage members to sign up for paperless statements and increase its ecological responsibility. In one month, nearly 3,200 members made the switch.

Freedom's most recent sweepstakes, held during April and May 2012, resulted in 1,400 members converting to eStatements along with a chance to win Phillies tickets.

As part of the "3 for 3 for 3 and Save a Tree" promotion, Freedom gave members an opportunity to win one of 3 sets of 3 tickets to 3 Phillies games — a total of 9 tickets for each winner of the sweepstakes — just for signing up for eStatements.

The results of this promotion was nearly double the 700 new users who typically sign up in a two-month period.

Freedom has a total of 15,750 members who currently receive eStatements. Each member who receives eStatements saves Freedom \$12 a year in printing and shipping costs.

These savings help Freedom continue to offer members free services and resources, and some of the best rates in southeastern PA.

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Compliance Date for TDR Loans

Through prudent and sound loan workouts, credit unions can help their financially distressed members remain in their homes. To help keep even more families in their homes, the NCUA Board adopted a final Troubled Debt Restructuring (TDR) rule (Part 741) and loan workout guidance (Part 741, Appendix C). The changes are designed to ensure that members who can no longer afford to make full payments on their original mortgages can keep their homes, if they agree to certain modified terms with their credit union.

As a result of the changes approved in May, credit unions will now be able to modify loans without having to immediately classify TDRs as delinquent. Specific changes include:

- Requiring federally-insured credit unions to adopt and adhere to written policies that govern loan workout arrangements that assist borrowers.
- Allowing credit unions to calculate the past due status of all loans consistent with loan contract terms, including amendments made to loan terms through a formal TDR.
- Eliminating the dual and often manual delinquency tracking burden on credit unions for managing and reporting TDR loans.
- Reaffirming current industry practices by requiring credit unions to discontinue interest accrual on loans past due by 90 days or more and to establish requirements for returning such loans to accrual status.

Modified loans are still very high risks for default as more than 16 percent of outstanding TDRs are delinquent. In approving this rule change, the Board therefore sought to strike a balance between providing more flexibility in loan workouts to help credit union members overcome short-term financial difficulties, while requiring credit unions to charge off non-performing loans that are unlikely to get repaid.

Here's the timetable for credit union compliance with the TDR rule changes adopted by the Board:

June 30, 2012

Treatment of TDR past due status consistent with revised loan contract: Effective for the quarter ending June 30, 2012, NCUA will change Call Report instructions on the delinquency supplemental schedule consistent with the guidance accompanying the final rule. The rule is effective July 2, 2012.

October 1, 2012

Written loan workout policy: Starting in the fourth quarter of 2012, NCUA examiners will review policies during supervisory contacts and examinations.

Non-accrual requirement implementation: Starting on October 1, 2012, credit unions will no longer be able to accrue for loans past due 90 days or more.

December 31, 2012

Revisions to remainder of data collection on TDRs: Effective with the quarter ending December 31, 2012, NCUA will revise Call Report data collections and instructions consistent with the guidance accompanying the final rule.

The latest OPS Notes message, *Loan Workouts and Nonaccrual Policy, and Regulatory Reporting of Troubled Debt Restructured Loans*, summarizes the rule and explains the requirements. OPS Notes can be found in the LIBRARY section of *CU PolicyPro*. The TDR policy will be included as part of the August 2012 *CU PolicyPro* updates.

For additional information, review the Troubled Debt Restructured Loans topic on the Loans and Leasing channel of *InfoSight*.

eStatements

continued from page 1

Freedom attributes the success of these campaigns to all employees promoting the campaign while interacting with members. Gerard McGeever, Vice President of Marketing said, "Without our hard working staff, these results aren't possible."

Marketing and communication plans should address safety concerns along with the benefits of eStatements:

- Reduce paper clutter and the need to shred old statements.
- Safer than traditional mail and reduces risk of identity theft from lost or stolen papers.
- Faster availability than paper statements.

- Convenient. Access information online anytime from anywhere.
- Get email notifications when a statement is ready to view.
- Better for the environment, saves trees, and other resources.
- Credit union savings in printing and mailing costs are returned to members in products and services.

Freedom Credit Union has over \$560 million in assets and more than 58,000 members, operating branch offices in Abington, Lansdale, Philadelphia, and Warminster.

For more information on how credit unions can help to educate members on the switch to electronic payments for federal benefits, visit www.GoDirect.org.

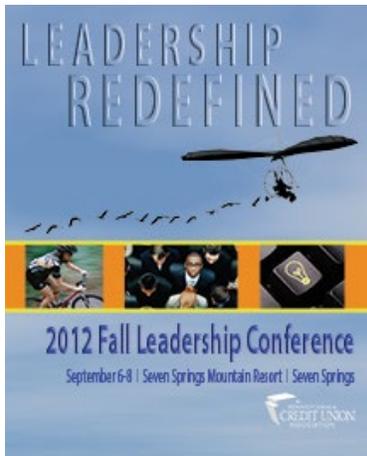
Education & Professional Development

New Leadership Redefined

Plans are underway for our annual **Fall Leadership Conference**, a perennial favorite for credit union staff and volunteers. Join us September 6-8 in the scenic mountains at Seven Springs Mountain Resort.

Leadership Redefined is our conference theme this year. No matter how formal an organizational structure is, the highest performing groups have members who demonstrate leadership at every level by influencing those around them to achieve. Come discover your leadership potential!

Keynote speakers will be technology strategist Lee Wetherington, Director of Strategic Insight for ProfitStars®, and endurance athlete and management coach Julianne Lynch, Ph.D. Wetherington focuses his research on technology trends and the impact on the financial services industry. You won't want to miss hearing his insights and recommendations.



Technology as Strategy for the Upturn: The Art of the Nudge

In tight times, credit unions typically get back to basics: reducing expenses and increasing profitability. Recently, though, getting back to basics has not been so basic in the face of dismal unemployment, declining fee income, and precious little loan demand. So, what to do now? The answer is simple but profound, and at its core is technology and psychology. Join Lee Wetherington for a unique, bottom-line view of what credit unions must do to meet the new demands of post-recession consumer psychology and thrive in the new era.

Juli captivates her audience with her amazing stories of training and racing with U.S. Navy SEALs in expedition length adventure races and her experience doing the Discovery Channel Eco Challenge. She shares the lessons she has learned about leadership, teamwork, and pushing the limits.

Pushing the Limits on What You Know and Do

To be successful today, you have to be willing to push yourself and your organization to the limits. Find out how leadership lessons that Juli acquired can apply to your organization. Learn how you can push your organization to increase sales, improve service, and boost performance while still keeping motivation and com-

mitment high above the competition. You'll be on the edge of your seat as you listen to this story of risk and adventure and will leave the session with a renewed passion for tackling the challenges you face.

Breakout sessions will cover critical topics for staff and volunteers including such sessions as NCUA's New Interest Rate Risk Regulation, and The Importance of Onboarding New Members. A special session will be held to address those credit unions impacted by the Marcellus Shale boom.

New this year: As part of a continuing effort to prepare future leaders, the Association is offering a special discount: with two paid registrations, one staff or volunteer under 30 receives free registration.

[Register Today!](#)

Products & Services

Independence & Control?

Yes with a CUMoney Family Card!

Our young members have not only grown up in a social world, but also in one of electronic payments. Do they like cash? Well, of course! However, they also look to the Internet to purchase their new computer, or a must-have pair of shorts, and pay for the Starbucks with a card. Yes, we're living in a virtual world.

As the financial institutions that serve this unique group of members, how do we provide access to this type of purchasing, the freedom to spend accordingly and at the same time provide the financial education tools that make for a responsible credit union member?



The **CUMONEY Family Card** can do just that. As a reloadable prepaid debit card targeted towards 13-16 year-old members, the card can be used just as a standard debit card. However where this differs from a debit card is in who sets the "control."

While the card is personalized with the young member's name, the parent(s) decide when and how purchases can be made. These parameters are controlled by a parental web portal where money can be added to the card, and where allowance schedules are added/deleted/edited. The CUMoney Family Card gives youth the freedom to spend, but with controls.

For more information on the CUMoney Family Card, please contact [Liz Gregg](#), Card Services Credit Union Service Representative at 717-234-3156, extension 5260, or email elizabeth.gregg@pcua.org.

See how the CUMONEY Family Cards compare to the [competition](#).



Northumberland County Schools FCU hosted two third-grade classes from Baugher Elementary School in Milton. The students were given a tour of the credit union and learned about the difference between a bank and a credit union. The credit union provided Super Saver sports packs and mood pencils to each student along with financial education materials.



Students from Wordsworth Academy donning gowns and formal wear donated from American Heritage FCU employees.



Members 1st FCU presents a \$15,000 check to Suzanne Graney (second from right), Executive Director at Four Diamonds Fund. From left: George Nahodil, EVP of Retail Delivery, Public Relations & Marketing; Jill Conway, Administrative Assistant to EVP; and Bob Marquette, President/CEO. The Four Diamonds Fund was one of three recipients of equal funds raised in the credit union's annual golf tournament.



Four Pottsgrove High School students received certificates for their participation on the Tri County Area FCU Student Advisory Board. Included in the photo are CEO Andy Pistoria (second from right); and at left, Laurie Wallace, Student Branch Coordinator, and Myra Fick, Marketing Director.



Above: Don Cohick, representative from Steinbacher & Stahl Law Firm (and former Veterans Affairs Rep. for Lycoming County) discusses VA benefits during Horizon FCU's Simple Solutions Seminar on Elder Care Options.
Left: Cross Valley FCU officials cut the ribbon to officially open its eighth branch, located at 815 Smith Street, Scranton.



Events Calendar

July

4
Independence Day
Federal Reserve Bank
Holiday

August

5-9
Judge/Bradley Leadership
School, State College

23-24
Big Ideas Conference,
Bedford

September

6-8
Fall Leadership Conference
& Expo, Seven Springs

26-27
Payment Systems
Conference, Pittsburgh

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