

KEYSTONE

Extra

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Natural Partners: Credit Unions and Life Insurance

By **CUNA Mutual Group**

September is Life Insurance Awareness Month, an effort to raise awareness among consumers about the need for life insurance.

Recent research shows Americans are carrying less life insurance now than 10 years ago, and 30 percent of Americans have no life insurance at all. This should concern credit unions, as it puts the assets their member families entrust to their credit union at great risk. Credit unions, as a trusted source of financial services, are a natural conduit to life insurance providers for members who otherwise might not give life insurance the consideration it deserves.

Life insurance, quite simply, is considered a cornerstone of a family's long-term financial security. Without it, all the assets your members have entrusted to your credit union — savings, retirement accounts, certificates of deposit, etc. — could be at risk of being liquidated too early, in some cases resulting in tax penalties. More to the point, your members' quality of life could suffer unnecessarily at a time when they're already suffering from the loss of a loved one.

If your credit union doesn't currently work with a provider to promote life insurance to members, or if you have an under-performing program, consider including this matter in your strategic planning. And do it soon; unfortunately, it appears that Americans are taking on more risk than in past years.

Trend: Average Life Insurance Protection Is Dropping

A life insurance industry research and advocacy organization, LIMRA, noted in



its *Facts About Life 2013* report that the average amount of life insurance coverage for U.S. adults has declined \$30,000 since 2004 to only \$167,000.

This amount wouldn't last long for most families or even for a surviving spouse alone. It might be adequate if Social Security and other income sources exist to fill the gap. But how many of your members have taken the time to calculate the income they'd need if an income provider dies?

One reason so many households have inadequate life insurance is that the process of buying it can be intimidating, especially the first time. A credit union, as a trusted source of financial services, can help members take that important first step by connecting them with a licensed insurance representative in a no-risk, low-pressure environment.

Use the Trust You've Earned

Sixty-one percent of Americans trust credit unions (compared with only 23 percent who trust the U.S. financial system as a whole), according to the 2012 Chicago Booth/Kellogg School Financial Trust Index. By choosing a life

insurance provider wisely and promoting this service to members effectively, you're removing the barrier of trust that stops members from exploring their life insurance needs.

Raise members' awareness of your life insurance program through multiple channels, including direct mail and educational material in your branches. Direct members to the provider's website for more information.

Offer access to a call center where members can get a personal needs analysis from a licensed representative — this is a low-key, convenient option. And if it does lead to a purchase, you've helped your members protect the assets they have with you, while forming a long-term bond to your credit union.

CUNA Mutual Group's MemberCONNECT® Program helps credit unions make TruStage life insurance products available to members. Across multiple channels, the MemberCONNECT Program ensures members get straightforward information about many types of insurance options. To learn more about the MemberCONNECT Program, call 1-800-356-2644.

Compliance & Operations _____

Complying with New Loan Participation Rule

Beginning September 23, all federally-insured credit unions will have to comply with the National Credit Union Administration's loan participation rules. The effective date was pushed back from the original July 25 deadline, to allow credit unions adequate time to review their policies and contracts as required by the revised regulation.

For the first time, state-chartered credit unions will be required to comply with this regulation.

Important changes were made from the originally proposed regulation. The concentration limit by a single originator was increased from the proposed 25 percent of the credit union's net worth to the greater of \$5 million or 100 percent of net worth. The \$5 million addition will help smaller credit unions remain active in the loan participations market.

For more detailed information on what your credit union can do to comply with the NCUA's loan participations regulation, visit [CUNA's e-Guide](#). The NCUA has said that it will issue further guidance before September 23 on how credit unions can seek waivers from the regulation's concentration limits.

[Click here](#) to view a video, where Kathy Thompson, CUNA SVP for Compliance and Legislative Analysis, discusses compliance with new loan participation regulations.



Education & Professional Development _____

Pennsylvania and New York Team Up for 2013 Volunteer Conference

October 18-19
The Otesaga Hotel
Cooperstown, NY

Calling all volunteers! Join us at the beautiful Otesaga Resort Hotel in historic Cooperstown, New York, to connect with your fellow volunteers from New York and Pennsylvania.

Experience two days of dialogue, learning, and cooperation, while hearing leading experts discuss duties and responsibilities for today's credit union volunteer. The agenda includes customized breakout sessions for supervisory committee members and board directors, enabling you to take actionable ideas and strategies back to your credit union.



If you're a credit union director or supervisory committee member, this is a conference you don't want to miss. And no visit to Cooperstown would be complete without a trip to the National Baseball Hall of Fame.

Registration is being processed by the Credit Union Association of New York. Click on [2013 Volunteer Conference Information and Registration](#) for complete details.

[Click here](#) for hotel information.

If you have any questions about the conference, please contact education@pcua.org.

Products & Services

The Ideal Tool for the Busy Executive

Are you busy getting your next board report together? Do you wish there was some way to make it easier while still being able to communicate effectively to your board of directors? Have you considered enlisting the help of [CUAnalyzer](#)? As an Association member benefit, you have unlimited access to the tools you need to inform and educate your directors. With CUAnalyzer, you're able to compare your credit union to your own custom peer group(s).

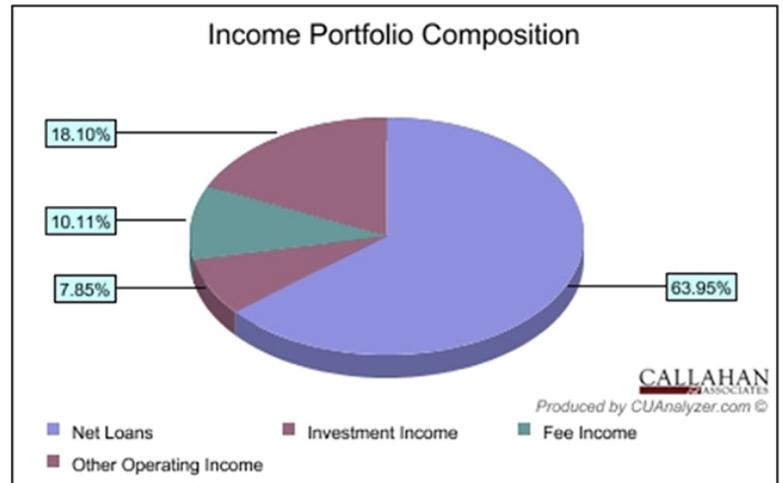
The focus of the credit union board is on key results, including growth rates, safety and soundness, earnings, and the value delivered to members. CUAnalyzer's Board Packet can provide insight into all these areas.

See the Big Picture with CUAnalyzer Scorecard

You can use your dynamic scorecard from CUAnalyzer as a snapshot of your financial position. For your next Board meeting, print out your scorecard and use it as a valuable handout for board members! With the scorecard, you can easily benchmark performance relative to peers with more than 100 ratios organized in categories such as financial momentum, member metrics, member value, productivity, efficiency, delivery channels, and lending.

Professional Packets

Within the Professional Packets, you can pull reports for credit union executives, your management team,



including lending, marketing, collections, and human resources, as well as reports that are specifically designed for the board. These reports include share growth, member growth, loan growth, loans to shares, delinquency, income portfolio, operating expense to income, plus many more reports. After you're finished running the reports, the charts and graphs can be easily made into a PowerPoint presentation or data exported into an excel spreadsheet.

If you are unsure about how to log in to CUAnalyzer or would like a demonstration, contact your [Association Account Executive](#).

Mitigating Mortgage Lending Risks

During the last 10 years, the housing market has done nothing more than imitate a giant roller coaster. From the housing boom to the housing bubble to the Great Recession.

Throughout much of this period many credit unions were able to assist their members with refinancing and purchasing needs. However, as production increased, so did the risk to a credit union's financial safety and soundness.

Many credit unions employ annual audits to address these risks, but that can be expensive and may only occur once a year. A more preferred approach may be a continuous sequence monitoring of the loan portfolio (portfolio analysis and management, plus loan sale evaluation), which helps consistently minimize any high-risk activity and promotes the implementation of a steady remediation strategy. It helps credit unions make the difficult decisions regarding if, when, and how to manage their loan portfolios.

[First Heritage Financial](#) offers its partners the best opportunity to analyze and grade first mortgage port-

folios, as well as the ability to sell newly-closed or seasoned loans. First Heritage accomplishes this by conducting Mortgage Asset Liability Management seminars for credit unions. It conducts portfolio analysis and tactical loan sale evaluations to help you identify the first mortgages in your portfolio that might be able to be sold on the secondary market. Then First Heritage sells those loans on your behalf, allowing you to manage your interest rate risk and achieve your specific credit union goals.

Contact your [Association Account Executive](#) for more information on First Heritage Financial.





North East Welch FCU held its 2nd Annual Community Day Celebration on Thursday, August 22, at the credit union. Participants enjoyed free hot dogs, games, and prizes.



Widget Financial was a main sponsor of the 8th Annual Back 2 School Free Haircut Day at Pfeiffer Burleigh School in Erie, providing hot dogs and refreshments, as well as school supplies and monetary donations for 659 backpacks filled with school supplies. The event benefits more than 1,000 underprivileged children and families.



Diamond Credit Union employees donated eight boxes of school supplies to the Pottstown Family Center. From left: Jamie Trego, Monica McCoach, and Shawn Thorpe, Diamond Credit Union; Megan Schmierer, Jessica McCartin and son George, and Rob Gaskill, of the Pottstown Family Center.



John Bankus (center), with his parents John and Judith, received the UFCW FCU's Annual Norman G. Fulkerson Scholarship Award. Bankus is enrolled in the Doctor of Physical Therapy program at Misericordia University.



Freedom Credit Union Vice President of Marketing Gerard McGeever (center) presents the 2013 Freedom Scholarship funds to winners (from left) Noah Earland, Raina Stewart, Lindsay Vitale, and Sarah Pellecchia.

September

19-20
Marketing Conference,
Annapolis, MD

26-27
Achieving Excellence in
MBL Programs,
State College

October

9-10
Lending Conference,
State College

14
Columbus Day Observance
Federal Reserve Bank
Holiday

18-19
Volunteer Conference,
Cooperstown, NY

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