

# KEYSTONE

## Extra

December 7, 2012

Volume 43 Issue 25

### In This Issue:

Page 2

Make Your Reservations for  
CEO Summit

Coming Next Issue ...

Page 3

Partner Showcase Archives:  
What Did You Miss in 2012?

2013 Standard Mileage Rates  
Up 1 Cent Per Mile

Page 4

Credit Unions in the News

Events Calendar

## Holiday Spending, Consumer Finances, & Fiscal Cliff Worries

The 13th annual holiday spending survey conducted by the Consumer Federation of America (CFA) and the Credit Union National Association (CUNA) was released two days before Black Friday. The survey reported an increase in the number of consumers who plan to spend more than last year.

Holiday spending was estimated to increase 3.5 percent to 4 percent this year, as responses to the survey showed significant changes in the consumers who said they would spend more than last year, an increase from 8 to 12 percent, and the percentage who said they would spend less, which decreased from 41 to 38 percent.

The survey questions were developed by CFA and CUNA and were administered to a representative sample of adult Americans in early November. This year, 660 persons were interviewed by landline and 352 by cell phone.

However, 18 large retailers, including Macy's and Target, reported disappointing November sales on Thursday, as Black Friday crowds didn't make up for sales lost after Hurricane Sandy, said Scott Hoyt, an economist at Moody's Analytics.

The 2012 third-quarter economic report shows consumer spending increased 1.4 percent in the third quarter, compared with 1.5 percent in the second. Consumers boosted housing-related investments, including new homes and renovations, at an annual rate of more than 14 percent, one of the strongest quarterly results since the recession ended in mid-2009. And their spending on durable goods, such as cars and refrigerators, climbed at an 8.7 percent

clip, the best since early 2011.

The holiday spending survey reflects the perception of consumers who said their financial situation was better than a year ago, and the increase in those who said they were unconcerned

about meeting monthly debt payments. The report did show a 5 percent increase in the number of consumers who said they did not have any credit card payments.

### Gap Between Affluent & Poor Widens

There have been many studies and press reports on huge income and wealth gaps between high- and low-income families. But there has been little focus on whether these gaps have increased over the past year. The 2011 and 2012 holiday spending surveys suggest that they have.

Whether respondents reported they would increase or decrease holiday spending from last year was related to income. Among those with incomes under \$25,000, 11 percent said they would spend more while 44 percent said they would spend less. Among those with incomes over \$100,000, 18 percent said they would spend more while 31 percent would spend less.



These income-related differences in spending plans may well reflect perceptions about one's financial situation. Among the low-income group, only 21 percent said this situation was better than last year while 45 percent said it was worse. Among the upper-income group, 30 percent said their financial situation was better while only 23 percent said it was worse.

The linkage between holiday spending plans and perceived financial situation was made even clearer by correlating the two variables. Among those who said their situation had improved, 31 percent were planning to spend more than last year while only 19 percent were planning to spend less. But among those who said their situation had worsened, only 2 percent were planning to spend more than last year while 66 percent were planning to spend less.

Even though fewer lower-income than upper-income families carry consumer and mortgage debt, a far higher percentage of the former than the latter expressed concern about this debt — 51 vs. 28 percent. In part, this may reflect the fact that only 19 percent of the lower-income, but 82 percent of the upper-income, respondents said they had extra funds to cover a \$1,000 unexpected expense.

#### **Fiscal Cliff Worries May Rub Off On Consumers**

The Fiscal Cliff is making daily headline news as the nation confronts the prospect of \$560 billion a year of tax increases and federal spending cuts that could cause another recession.

Businesses are becoming increasingly more pessimistic about the economy over the next 12 months and consumers are becoming wary, as well.

In a poll taken in late October, only 56 percent of executives expected their company's sales to grow in the next year, down 3 points since summer. More than a third — 36 percent — expected their companies to have fewer workers, up from 29 percent in July.

Economists think the economy will slow in the fourth quarter, with growth dipping as low as a 1 percent annual clip in some forecasts. But economists expect growth to pick up next year, after Congress resolves the tax and spending issues tied to the fiscal cliff.



## **Education & Professional Development**

### **Make Your Reservations for CEO Summit**

**January 20-23, 2013  
Naples, Florida**

The Association invites you to join us in Naples, Florida, where you'll enjoy relaxed, beautiful surroundings, while learning about new aspects of the credit union movement. The CEO Summit will provoke credit union leaders to take a step back and examine the potential from within to find that growth really is a realistic option.

A meeting focused on thought-provoking topics, economic forecasts, and networking with your peers.

You will hear from thought-leader Dennis Dollar, former NCUA Chairman and Principal Partner of Dollar Associates on "Transcending Transfer Day," and get the latest economic update from Michael Schenk, CUNA Vice President of Economics & Statistics, with two pertinent session topics — *Economic Outlook* and *Balance Sheet Risks*.

In addition, Teri Yanovitch will share how successful organizations, including Walt Disney World, create a world-class culture of service excellence and discover how you can bring that magic back to your credit union, with her presentation titled *Creating a Culture of Service*.

Find all the details [here](#). Bringing the Mid-Atlantic region's credit unions together in the relaxed setting of Naples, Florida. Reserve your place in the sun today! [Register here](#). Tweets at #CEOSummit

**Hotel will sell out!** Deadline to take advantage of great room rates at the LaPlaya Beach & Golf Resort is December 19, 2012. [Click here for details](#).

### **Awards & Scholarships Deadline**

**Don't forget! The deadline for all scholarships and awards is December 31, 2012. [Click here](#) for forms and guidelines to enter.**

#### **Coming Next Issue ...**

In the December 21 edition, the final issue for 2012, the longest-serving Pennsylvania credit union CEO will be featured, along with the longest-serving volunteers.

Watch for the special holiday issue.

Don't forget to send us your credit union's holiday happenings news and photos for *Life Is A Highway* and *Keystone Extra*.

### Partner Showcase Archives: What Did You Miss in 2012?

Credit unions are completing budgets and business plans, and positioning their credit union to capitalize on opportunity and improve efficiency in 2013. For some, creating internal programs and processes is the best option, while others are looking to align with a new partner to set their plans in motion.

As you search the marketplace for new [third-party vendors](#), look to your Association first. We are strategically aligned with a select group of credit union-focused organizations, many of which were highlighted in the 2012 Partner Showcase Webinars Series.

While you may have missed one during the year, it's not too late to have a look. Below is a list of what was offered this past year. Download any Partner Showcase today – for FREE.



#### **Deluxe Detect**

Host: Deluxe Corporation

Open more good accounts and stop fraud with Deluxe Detect. This webinar outlines how this powerful new applicant-screening tool can add to your credit union's profitability and improve efficiency.

[Download Deluxe Detect Showcase](#)

#### **How Merchant Lending Can Work for Your Credit Union**

Host: CRIF Lending Solutions

Explore merchant lending as an additional channel to expand your credit union's footprint. Learn about point of sale opportunities and how CRIF can give you the tools to add convenience at the same time.

[Download Merchant Lending Showcase](#)

#### **Meeting Increased Security Challenges**

Host: Perimeter E-Security & TraceSecurity

Balancing technology decisions with escalating threats and maintaining compliance with limited resources creates significant challenges. Gain valuable insight into facing these challenges head on.

[Download Meeting Security Challenges Showcase](#)

#### **Administering Employee Performance and Compensation**

Host: HRN Performance Solutions

Best practices to eliminate unproductive guesswork and ensure a fair and equitable compensation program which aligns performance with compensation – from the CEO to the entry level MSR.

[Download Performance & Compensation Showcase](#)

#### **CO-OP Mobile and My Mobile Deposit**

Host: CO-OP Financial Services

Will your credit union be ready when half of all U.S. adults are using mobile banking? Learn how to meet the rising demand for these services.

[Download Mobile Applications Showcase](#)

#### **Lending and Collections Best Practices**

Host: AdvantEDGE Financial Services, LLC

Achieve loan growth and the greatest return from your lending portfolio, combining proactive and efficient practices in your lending and collections programs; and how a growing and profitable loan portfolio that still mitigates risk can really pay off.

[Download Lending & Collections Best Practices Showcase](#)

For more information on any business partners, please contact your Association [Account Executive](#).

---

### 2013 Standard Mileage Rates Up 1 Cent Per Mile

The Internal Revenue Service has issued the 2013 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on January 1, 2013, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 56.5 cents per mile for business miles driven
- 24 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The rate for business miles driven during 2013 increases 1 cent from the 2012 rate. The medical and moving rate is also up 1 cent per mile from the 2012 rate.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs.

For more information, [click here](#).



All male employees of Service 1st FCU, Danville, participated in No Shave November to raise awareness and money to fight prostate and testicular cancer. The credit union pledged to donate \$100 to the Prostate Cancer Foundation for each participant. Seated in front and showing off his facial hair is Wayne Hawley. Front row from left: Jeff Balestrini; Gary Surak; Brett Johnson; Jay Reed; and Nick Jones. Back row: Ed Moyer; Tom Rambo; CEO Bill Lavage; Christopher Court; Dave Shope; Ryan Troup; Joe Bleznuck; Scott Temple; Mike Thomas; and Matt Gardill. Missing from photo: Matt Brown and Chad Dietterick. As a result of No Shave November and a dress-down day, Service 1st will donate \$2,046 to the Prostate Cancer Foundation.



First Commonwealth FCU, Lehigh Valley, employees helped the local PBS station (PBS 39, WLVT) by answering phones and taking pledges during their pledge drive. Brian Wilcox (right), Chief Marketing Officer, was interviewed on the air. He talked about the credit union's partnership with PBS 39 by sponsoring BizKid\$ for financial literacy.



Ten Merck Sharp & Dohme FCU team members partnered with Junior Achievement (JA) of Delaware Valley to teach students at James Logan Elementary School in Philadelphia. The theme of the JA curriculum was entrepreneurship, the world of the business owner. More than 100 students enjoyed a full day of financial learning activities.



American Heritage FCU staff and members donated 3,800 books to local hospitals and community organizations through the "Books for Kids" program.

Keystone Extra is published bi-weekly online by the Pennsylvania Credit Union Association  
4309 North Front Street, Harrisburg, PA 17110-1618  
800-932-0661 • [www.pcua.org](http://www.pcua.org)

President/CEO: Jim McCormack  
Managing Editor: Diane Powell, Director, Communications  
Editor: Janet Johnson, Communications Specialist

News stories and photographs are welcome. Submit information for publication to [janet.johnson@pcua.org](mailto:janet.johnson@pcua.org).



## Events Calendar

### December

25  
Christmas Day  
Federal Reserve Bank  
Holiday

### 2013

### January

1  
New Year's Day  
Federal Reserve Bank  
Holiday

20-23  
CEO Summit, Naples, FL

21  
Martin Luther King Jr.,  
Birthday  
Federal Reserve Bank  
Holiday

Visit [www.pcua.org](http://www.pcua.org)  
or contact the  
Association's Education  
Department for details  
on education programs  
and webinars.