Credit Unions Unite to Serve Members, Businesses and Communities

963 branches

1,566 surcharge-free ATMs

13,358 employees

$226 million credit union benefit to members

4.61 million members

2014 Community Reinvestment Report
Unite for Good: it’s who we are as credit unions.

When a member pulls up to one of Michigan’s nearly 300 credit unions, logs onto the website, or pulls up the mobile app, it’s not just about any one particular financial institution. It’s a conscious choice to be part of something bigger: a movement, a community that is united for good.

Michigan credit unions are united in their commitment to offer consumers the highest quality financial services and products with the best possible value. Michigan credit unions are united in their focus on customer service, be it in person, on the phone or online. And Michigan credit unions are united in their passion for serving their communities, from service projects, donations, sponsorships and scholarships that make the state a better place, to small business loans and employment opportunities that help move the state forward. We call it “Unite for Good.” Our members simply know it as the credit union difference.

The 1977 Community Reinvestment Act requires financial institutions to help all of the people in their communities, something credit unions have been doing for decades anyway. Also worth noting is that most experts agree that credit unions did not cause the 2008 financial crisis.

In this report, we summarize some of the many accomplishments and achievements of the Michigan credit union community, as well as the latest research into consumer sentiment and financial behavior. We look at what it means to be a modern credit union and how the industry is adapting to best serve today’s members. We explore some of the innovative programs offered at Michigan credit unions, like Save to Win, the prize-linked savings program which has helped thousands of Michiganders develop a lifelong savings habit in the midst of rampant spending. We look at the many ways Michigan credit unions are helping to drive economic activity, from business loans that help make entrepreneurial dreams a reality, to “help wanted” signs at branches across the state. And we share some of the countless stories of how Michigan credit unions have improved the lives of residents across the state.

From cutting-edge financial services to hometown parades and everything in between, Michigan credit unions truly are a community that is United for Good.

David Adams
Michigan Credit Union League & Affiliates CEO
GLADSTONE
The Upper Peninsula Chapter of Credit Unions presented a check for $5,000 to the Superior Health Foundation to go toward its Breast Health Fund, which helps cover costs for tests associated with breast cancer.

ALPENA
Alpena’s five credit unions have a long history of working together on community fundraisers and donations. The credit unions pooled their resources to buy a patrol vehicle for the police department’s D.A.R.E. program.

SAGINAW
Impact Saginaw, consisting of all 16 credit unions that serve Saginaw, sponsored Kids Tri Too, a triathlon for kids at the Saginaw YMCA. About 200 youngsters took part in the free event. Impact Saginaw also sponsored a free day at Children’s Zoo at Celebration Square in Saginaw.

GRAND RAPIDS
MCUL & Affiliates is helping credit unions and their business partners buy defibrillators at a reduced cost for placement in their buildings. The impetus for the program was when Jon Looman, CEO of Community West CU, suffered a heart attack at his local YMCA. He credits the YMCA staff for their quick action — and the YMCA for having installed the automated external defibrillator or AED.

ROYAL OAK
MCUL & Affiliates presented a $100,000 check to Children’s Miracle Network during a visit to Beaumont Children’s Hospital in October. Over the last three years, the league has donated more than $300,000 to CMN. In addition to the league’s donation, Michigan credit unions have donated about $640,000 to CMN in the last three years.
For decades, Congress has granted credit unions an exemption from federal income tax because of their not-for-profit status and their unique structure. While the credit union tax expenditure “costs” the federal government approximately $500 million annually, consumers benefit to the tune of up to $8 billion annually because credit unions offer better rates and lower fees. Now that’s a solid investment.

Source: Credit Union Awareness Study, Michigan Credit Union League and Affiliates, 2013
Building Confidence and Trust

**Consumer Opinion of Credit Unions**

**Confidence in Your Primary Financial Institution**

- 80% Credit Unions
- 38% Banks

**Trust Primary Financial Institution is Doing What Is In Your Best Interest**

- 66% Credit Unions
- 27% Banks

**Credit Unions Different Than Banks**

- 89% Yes
- 2% No

Credit unions offer:

- Lower fees
- Better interest rates
- More financial education
- Consumer-friendly products and services such as Save to Win prize-linked savings and payday alternative loans

*Source: Credit Union Awareness Study, Michigan Credit Union League and Affiliates, 2013*
Increasing Financial Literacy in Michigan

Credit Unions Investing in Financial Education $2,228,364
credit union investment in financial education activities in 2013

Youth

• 22,631 students learn money management and career skills at one of 253 student credit unions in Michigan schools.
• 3,291 classroom financial education presentations reaching 57,924 Michigan students and assisting teachers in incorporating personal finance in our children’s education.
• Michigan youth are saving more than $335 million.

Adults

• 145,095 members received financial counseling.
• 269 credit union professionals have obtained financial counseling certification training, devoting 200,930 hours in 2013 to help members improve their financial positions.
• 15,455 adults attended financial education seminars and workshops.

Uniting with Lawmakers for Financial Literacy

Forty Michigan Lawmakers came together with credit unions for youth financial education during the Financial Literacy Legislative Challenge.


Scan here to see a video about student-run credit unions and Financial Literacy Month.
Improving Futures through College Scholarships

Scholarships By the Numbers

- **$2.7 million**
  Scholarship dollars spent by credit unions investing in the state’s students

- **2,881**
  Number of students receiving credit union-sponsored scholarships

**Educational Community Credit Union** handed out $24,000 in scholarships in 2013.

Calcite Credit Union gave $1,000 to three members including Damon Proctor, left, a Cheboygan High School senior, who received his scholarship from Yuri Bishop, a Calcite branch supervisor.

Every year, Lake Michigan Credit Union sponsors the Lloyd F. Hutt Scholarship essay contest. Winners of the contest receive $2,000 scholarships to attend college.

Source: Michigan Credit Union League Community Reinvestment Initiative survey, October 2013, numbers are estimates
In February 2013, 10 Michigan credit union members were awarded checks for $10,000 each, just for saving their own money. The “Week of Winning” celebrations were the culmination of another successful year for Save to Win, the nationally renowned prize-linked savings program, which is changing lives across the state. Now in its sixth year, Save to Win participants deposit money into a special certificate and by doing so earn entries into monthly and grand prize drawings for cash prizes. The successful Michigan-based program, designed to reach low- and moderate-income households, has spread to Nebraska, North Carolina and Washington.
Birth of a Credit Union: Community Promise Federal Credit Union Opens Doors to Underserved Area

Solutions to Short-Term Lending Needs
Michigan credit unions provide members in need with responsible and less costly alternatives to payday loans or cash advance loans.

A few examples:

- MSUFCU helped one member get out from under a payday loan cycle, saving almost $350 a month and $19,300 in interest with a Flex Loan and consolidation loan.
- Peoples Trust Credit Union provided furlough loans during the federal government sequester to members in need.
- Southeast Michigan State Employees Credit Union helped one member raise his credit score more than 100 points with its payday alternative loan program, after which he qualified for loans with much better interest rates.

““This is the first day of getting rid of payday lenders in our community,” said Kalamazoo Mayor Bobby J. Hopewell. The credit union office is located in the Edison Neighborhood, in one of the city’s poorest areas.

97,197
Number of payday alternative loans made by credit unions

$100
Credit unions offer small-dollar loans of as little as $100 to help members avoid payday lenders

$24.4 million
Amount of payday-alternative loans made by Michigan credit unions

Source: Michigan Credit Union League Community Reinvestment Initiative survey, October 2013, numbers are estimates
Michigan Consumers Save with the Credit Union Member Discount from GM

Being in the heart of the auto industry, Invest in America’s Credit Union Member Discount from GM is a perfect fit for Michigan credit unions. Invest in America, a program that was started and is run in Michigan, is proud of the contribution it has made to help the auto industry recover from the depths of the 2008 recession.

Michigan credit union members also enjoy discounts from other Invest in America partners including Sprint, Intuit’s TurboTax, ADT, DIRECTV, Shop America, Dell, Allied Van Lines and others.

Officials with the Michigan Credit Union League, Genisys Credit Union and General Motors celebrate the sale of the 500,000th vehicle through the Invest in America program.

- 2,100 Credit union loans on GM vehicles in Michigan
- $52 million Value of loans
- 5,239 Vehicles sold through the Credit Union Member Discount from GM in Michigan

Nationally,

**Michigan’s**
Invest in America GM sales were second only to Texas

Credit unions supporting Invest in America nationwide

- 3,634

National transactions

- 3,409,104

Member savings nationwide through Invest in America

- $785,900,000
Michigan Credit Unions = Big Help for Small Businesses

It’s the $1 billion question: How have credit unions continued to loan money to small businesses to help entrepreneurs fulfill their dreams, create jobs and drive the state’s economy forward, even as banks cut back their lending? Simple: It’s just what credit unions are. Deeply rooted in their communities, credit unions never stopped supporting the member businesses that make our state what it is, with loans to small businesses now surpassing the $1 billion mark. And the best is yet to come, with credit union business lending up more than 17 percent in 2013 alone, which is double the national rate.

“Credit unions in Michigan have loaned more than $1 billion to Michigan businesses and for much of the past five years have been the only reliable and available source of capital. Credit unions look beyond credit scores and spreadsheets to balance risk decisions with member and community service and commitment.”

William Beardsley,
President of Michigan Business Connection
Spreading the Word – Engaging Young Members

Credit unions are reaching out in creative ways to the next generation of members to help them understand the credit union difference. The Own Your Money tour, launched in late fall of 2013 as an extension of our CU Link cooperative advertising campaign, was a focused effort to connect with Gen Y, and educate them on the benefits of being a Michigan credit union member.

Credit unions are also using more digital channels to communicate the credit union difference. More than 16 percent of the media budget was allocated toward tactics like Pandora, search engine marketing and digital display advertising. Facebook and Twitter are also playing an important role.

Did You Know?

5,559 Facebook followers

74% of followers are 18-34

Which Type of Financial Institution Comes to Mind First

<table>
<thead>
<tr>
<th>Year</th>
<th>2011 Under 35</th>
<th>2012 Under 35</th>
<th>2013 Under 35</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>44%</td>
<td>30%</td>
<td>49%</td>
</tr>
<tr>
<td>Credit Union</td>
<td>36%</td>
<td>60%</td>
<td>61%</td>
</tr>
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</table>

Source: Credit Union Awareness Study, Michigan Credit Union League and Affiliates, 2013

CU Link at Noel Night in midtown Detroit.

CU Link at Iceman Cometh Challenge Bicycle Race in Traverse City.
More Members, More Jobs, More Service

Employment at Michigan credit unions is rising as more people join credit unions.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>13,358</td>
</tr>
<tr>
<td>2012</td>
<td>13,220</td>
</tr>
<tr>
<td>2011</td>
<td>12,937</td>
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</table>

Credit union service organizations – companies that are owned by and primarily serve credit unions – employ hundreds more people in Michigan.

Ten Largest Credit Union Employers

- Lake Michigan Credit Union: 753 employees
- DFCU Financial: 511 employees
- MSU Federal Credit Union: 507 employees
- United Federal Credit Union: 469 employees
- Lake Trust Credit Union: 403 employees
- Advia Credit Union: 361 employees
- Genisys Credit Union: 330 employees
- Credit Union ONE: 284 employees
- Michigan First Credit Union: 260 employees
- Michigan Schools and Government Credit Union: 248 employees

Did You Know?

Michigan has more than 290 credit unions.

Helping Employees and Members Improve their Financial Lives:

“Because we have a financial budget counselor on staff, we encourage not only our members, but our employees, to meet and examine their current budgets. Many employees have reduced their monthly debt by combining loans at a lower rate. Employees who have engaged in this program in turn encourage members to do the same.” - Motor City Co-op Credit Union

2013 Detroit Free Press Top Workplaces

- DFCU Financial
- E&A Credit Union*
- Genisys Credit Union
- Michigan First Credit Union
- Michigan Schools and Government Credit Union
- Michigan State University Federal Credit Union

* E&A recently completed its merger with First Community Federal Credit Union. The combined organization is now known as Advia Credit Union.
The credit union philosophy of “People Helping People” extends to the practice of helping other credit unions through the Michigan Credit Union Foundation. MCUF provides support to help Michigan credit unions remain strong and engage in activities that help Michigan residents improve their financial health through credit unions.

Mary Nefske, Alpena Community Credit Union CEO, hands out copies of Money Rules to shoppers at Save-A-Lot in Alpena. The credit union received a Michigan Credit Union Foundation grant to distribute copies of the book.

More than $100,000 in support annually to help credit unions make a difference in Michigan

- Professional Development Scholarships and Financial Counseling Certification Training ensure that credit unions provide high levels of expertise to help Michigan consumers thrive financially.
- Community Reinvestment Grants for financial education outreach and community partnerships help credit unions collaborate and educate.

High school students take part in a Teen Reality Fair to learn the realities of earning, spending and saving money, sponsored by Soo Co-op Credit Union in Sault Ste. Marie.

The Michigan Credit Union Foundation Thumball turns a game of catch into a learning experience for all ages. The ball was developed by the Michigan Credit Union League’s Financial Education Council.

3,700 copies of Money Rules books were distributed to Michigan consumers through the MCUF and credit unions in 2013.
## Michigan Credit Union Impact

### Credit Union Principles

Credit unions are cooperative financial service providers working together to achieve a better life for their communities.

- **Democratic structure** – Credit union members enjoy equal rights to vote and participate in decisions affecting the credit union without regard to the volume of business.

- **Service to members** – Credit unions operate with the primary purpose of improving the financial well-being of their members and community. Any surplus may be distributed among members as dividends on shares or directed to improved services.

- **Social goals**
  - **Ongoing education** – Credit unions actively promote the education of their members, officers, employees and the public.
  - **Cooperation among cooperatives** – Credit unions actively cooperate with other credit unions and associations in order to best serve the interests of their members and communities.
  - **Social responsibility** – Credit unions seek to bring about human and social development for their individual members.

### 2013 by the Numbers

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
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<tbody>
<tr>
<td>Money credit unions donated to charitable causes</td>
<td>$10.9 million</td>
</tr>
<tr>
<td>Community outreach/volunteer projects</td>
<td>4,625</td>
</tr>
<tr>
<td>Credit union branches</td>
<td>963</td>
</tr>
<tr>
<td>Surcharge-free CO-OP Network ATMs</td>
<td>1,566</td>
</tr>
<tr>
<td>Shared branches</td>
<td>158</td>
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</tbody>
</table>

Sources: Michigan Credit Union League Community Reinvestment Initiative survey, October 2013; National Credit Union Administration
MCUL & Affiliates helps Michigan credit unions serve their members, grow their market presence and strengthen their financial condition. The league accomplishes this by protecting and expanding the charter, telling the credit union story and providing solutions that help credit unions excel. Organized in 1934, the Michigan league has long been considered one of the most progressive in the country.

About the Community Reinvestment Report

Created in 2004, the Community Reinvestment Initiative highlights the community work that is at the core of credit unions’ social mission.

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Thank you to the 117 Michigan credit unions that provided individual information and statistics for this report. Many of the statistics in this report are estimates based on the survey results.