



PEOPLES FEDERAL CREDIT UNION

## Credit Union Finance 101

Dear Member:

In light of the Coronavirus fear that has taken over the world, and the impact that all of the actions taken by the Government(s); federal, state and local are having on our communities, I thought it might be a good time to try to simply explain how your credit union operates from a financial position. With the Federal Reserve dropping interest rates to almost 0% it has created some questions as to what the credit union will do to follow suit. So, with that as a back drop let me try to explain how the sausage is made.

1. **First** and foremost, the Federal Regulator insists that the credit union make net income of around 1% of average assets. With \$92,000,000 in assets, that equates to \$920,000 for the year. Your credit union reached that goal in 2019.
2. **Second**, to reach our required amount we need to make money. The credit union makes money three ways: 1. Interest on loans, 2. Fees, and 3. Investments. Let's take them one at a time;
  - a. Loans – Our loan portfolio is around \$70 million with an average rate of return of around 4%. This is the credit union's largest generator of income. In light of the Federal Reserve Board's rate cut, if the credit union reduced our rates by an average of just 1% we would reduce net income by \$700,000 annually...so doing the math from 2019, \$920,000 in income minus \$700,000 for a rate adjustment would leave the credit union at \$220,000 net income, far below regulatory requirements.
  - b. Fees—We pride ourselves at the credit union for our fee structure which is far lower than most financial institutions. We have no plan to raise our fees just to make money on the backs of our members.
  - c. Investments—Here is something most people don't know; the credit union, by law, can only make investments that are 100% guaranteed by the government. That's right, nearly all other financial institutions can invest in areas of high return, but the credit union is prohibited from doing so. Now consider this, In light of the Federal Reserve's recent rate cut the returns that we can earn on our investments drops to less than ½%. That's right, I can invest millions of dollars, but because they have to be 100% guaranteed, the return is incredibly small at this point in time, so our annual income is negatively affected by the low interest rates.
3. **Third**, in order to balance income with expenses the Regulator wants credit unions to maintain an expense ratio of 70%. Over the last two years the credit union has averaged right around 69%...so right on target.

So, as we move forward in this uncertain time, please understand that the credit union will continue to provide competitive products and services to our members while maintaining the long-term viability of your credit union! We want to be around a long time to serve our members!

*Andrew Myers, CEO*

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### 2020 HOLIDAYS

January 1	New Year's Day
January 20	MLK Birthday
February 17	President's Day
May 25	Memorial Day
July 4	Independence Day
September 7	Labor Day
October 12	Columbus Day
November 11	Veterans Day
November 26	Thanksgiving Day
December 24	Christmas Eve closes at noon
December 25	Christmas Day



## Tax Season Alert: 2019 IRA Deadline Reminder

Spring is upon us, and that means tax season is right around the corner. If you are an existing or prospective IRA holder, there are some important deadlines to put on your calendar:

- The IRS allows you to contribute to the previous year (2019) up until the normal federal tax deadline—April 15, 2020. You do have the option to make your contribution after January 1, 2020 but before the April 15, 2020 deadline. In this case, you must designate the contribution year that you're targeting. This applies to most types of IRA accounts.
- If you still want to establish a 2019 IRA, the deadline is also April 15, 2020. As advised by the federal government, a valid IRA application (like taxes) should be postmarked by midnight of the deadline for Traditional and Roth IRA accounts.

You may require some assistance from the IRS. There are additional details, forms and worksheets, and rules on contribution limits for specific types of IRA accounts, which can be found at [IRS.gov](https://www.irs.gov).

If you are looking for a solid tool to guarantee a secure, comfortable retirement income, an IRA is the perfect option. We offer both ROTH and Traditional IRAs, either in a regular IRA Share Account or an IRA Share Certificate. To contribute to, or start one today, stop by any of our three convenient locations!

## Keep On Top Of Your Credit Report

With data breaches becoming more common than not, it's wise to regularly check your credit report to make sure it accurately reflects your activity. By law, you can get a copy of your report from each of the three major credit reporting bureaus, Equifax, Experian, and Transunion, every 12 months. Go to [annualcreditreport.com](https://annualcreditreport.com), the only authorized website for free credit reports, or call 1-877-322-8228. You will need to provide your name, address, social security number, and date of birth to verify your identity. You can get reports from all three agencies at once, but a better way to keep up-to-date is to order a report from one bureau at a time every four months. For example, get a report from Equifax in June, one from Experian in October, and then one from Transunion in February. By putting your reports in a rotation, you can get a more accurate view of what's in your report. Note that creditors may provide data to only one agency, so the reports may not contain all of your credit information. That's why it's important to get all three reports each year to get a complete picture.



**Home Sweet Home Loans**  
Available at your Credit Union

Road construction and daffodils are not the only signs of spring. "Real Estate for Sale" signs are

also popping up all over. Because spring is a popular time for home sales, more choices are on the market. But you'll also have more competition. Before you start your open house rounds, stay ahead of the game by visiting the credit union for a pre-approval letter. We'll explain the mortgage loan options available to you and how to get the best interest rate. We'll help you determine how much home you can afford. Knowing the maximum amount you can borrow will help you set your price range. Whether you're looking for more space for a growing family or you're thinking of downsizing, home financing from the credit union means a great mortgage interest rate plus working with the people you trust. Contact the credit union for more information.

## Teaching Your Kids To Save

Whether your kids are learning to walk, ride a bike, or drive a car, it's never too early or too late to teach them how to save money. Helping the young people in your life build healthy financial habits will make life easier for you as parents, and serve as a lifelong gift to them.

As you take on the challenge of teaching your kids to appreciate the value of money and understand the importance of saving, remember to keep it fun and simple. We have some valuable tips to help you and your kiddos along the way:

1. Set a good example—Kids see us using money, so why not talk about it? Explain to them how many of the things we do or need, cost money. Use cash rather than credit to instill a concept of real money. Give weekly allowances to "pay" kids for good behavior and give them the sense of seeing their money grow.
2. Establish a saving place at home—Designate a special piggy bank, or use individually labelled/decorated envelopes or jars. Explain that some things take more time to save for than others (example, a skateboard vs. a video game).
3. Play with money—Let kids count their own money. Learn financial concepts through money-themed games like Monopoly, Payday, The Allowance Game, and The Game of Life. There are also tons of online games for kids of all ages.
4. Donate—Teach young people about giving back with their money. Donate to charities and other causes. Get your whole family involved by helping out in the community, volunteering at a local shelter, picking up trash at your neighborhood park, etc.
5. Visit us!—Open a Kids' Club Account here at Peoples Federal Credit Union, and get a lesson from a CU expert on saving and earning interest. Get info on upcoming kids' events, try out the coin-counting machine, and let them use the ATM with you.

# GIVE BACK TO MEMBERS!

## Give Back to the Member Program

In an effort to promote the credit union and reward our members, we are rolling out the following “Give Back to the Member” program:

- Beginning in January of 2019, at the end of every month, the credit union will randomly pick a share account number. The credit union will deposit into that account an amount equal to the balance of said account (as of the day of the drawing), up to \$500.00. Should the account drawn not have a balance of \$500.00 or more the credit union will match what is in the account and then continue picking share accounts until the entire \$500.00 for the month is gone.
- On December 15th the credit union will randomly pick a loan account number and will pay off the loan up to \$10,000. Should the loan have a balance less than \$10,000 then the credit union will pay the loan off and choose another loan until the full \$10,000 is gone.
- In order to participate in the promotion the member must be in good standing with the credit union.



January—Robert Morris



February—Karen Turley



March—Hannah Spurlock



April—Charlene Means



May—Bobby Overbaugh



June—Melissa & Kenneth Massey



July—Donald McCarty



August—James Bowman



September—Judith Hill



November—Ordy Holcomb



December—Carol Smith



December—Henry Davis



Published for Members of  
Peoples Federal Credit Union

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Cara Chaney,  
*Executive Vice President*

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Tommy Mullins

**SUPERVISORY COMMITTEE**

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**-ELEANOR-**

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Eleanor, WV 25070  
(304) 729-3131

**-POINT PLEASANT-**

2101 Jackson Ave.  
Point Pleasant, WV 25550  
(304) 675-4441

**Celebrate Spring with a Financial Checkup**



Wintertime, specifically the holiday season, is often a time of indulgence. Whether eating and drinking or shopping and spending, many of us tend to get caught up in the spirit of the season, partaking in just a bit too much merrymaking.

On the brighter side, spring is here and the perfect time to start fresh!

Many folks join the gym, kickstart a healthy eating plan, or establish an overall wellness routine. While focusing on personal well-being, it’s also an ideal time to check up on your finances, and improve their fitness if need be.

A few ways to restore your finances to their pre-holiday health include:

- Getting your savings on track
- Opening a Roth IRA
- Reducing/consolidating debt by refinancing a higher rate loan to lower monthly payments

- Getting organized to keep great records of your financial actions and transactions

As you hit the pavement with your new running shoes, plan meals for the week, or schedule that annual check-up, don’t forget to take a close look at your finances this spring.

**No Credit? No Problem!**

Two of the most difficult things to overcome as a young person are, 1) having no experience when applying for a job, and 2) not having any established credit.

While we can’t help you with the experience issue, we are going to make an effort with the credit issue.

Peoples FCU has designed a “Credit Creator” loan available to anyone who \*qualifies and has NEVER had any type of consumer credit (ie, car loan, personal loan, credit card, mortgage). And here’s the beauty of the loan; if you pay it back according to the terms of the agreement, the credit union will reimburse you the entire amount of interest



you paid on the loan once you make your final payment. You can’t beat this offer: You build good credit while having the benefits of an interest free loan if paid back according to terms!

Be sure to stop in and ask for details today!

\*Terms and conditions apply

**HOURS OF OPERATION**

**NITRO**

*Lobby* Mon.-Fri. 9:00 am-5:00 pm Sat. 9:00 am-Noon  
*Drive-Thru* Mon.-Fri. 8:00 am-6:00 pm Sat. 8:00 am-Noon

**ELEANOR**

*Lobby* Mon.-Fri. 8:30 am-4:30 pm Sat. 8:30 am-Noon  
*Drive-Thru* Mon.-Wed. 8:00 am-4:30 pm Thur.-Fri. 8:00 am-6:00 pm  
Sat. 8:00 am-Noon

**POINT PLEASANT**

*Lobby* Mon.-Fri. 8:30 am-4:30 pm  
*Drive-Thru* Mon-Thur. 8:00 am-4:30 pm Fri. 8:00 am-6:00 pm  
Sat. 8:00 am-Noon

