The Benefits of Membership

Customized Analysis of Member Benefits For:

New Jersey

June 2013

Prepared by:

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Economics and Statistics Department

AMERICA'S CREDIT UNIONS™

New Jersey

The Benefits of Membership

Credit unions generally provide financial benefits to members through lower loan rates, high saving rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that New Jersey credit unions provided $47,598,899 in direct financial benefits to the state's 1,054,988 members during the twelve months ending June 2013.

These benefits are equivalent to $45 per member or $86 per member household [1].

Estimated total benefits of credit union membership are calculated by accounting for differences in credit union and bank pricing. Specifically, average credit union savings account yields, loan interest rates and fees are compared to average bank savings account yields, loan interest rates and fees. The interest rate differences are then applied to respective average credit union loan and savings balances. Fee differences are weighted and applied to credit union non-interest income to obtain the total estimated benefits arising from fees.

The per-member and per-household benefits delivered by New Jersey credit unions are substantial. But, these benefits are *averages*. Mathematically, that means the total benefits provided are divided across all members (or all member households) - even those who conduct very little financial business with New Jersey credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a New Jersey credit union will save members an average $219 per year in interest expense compared to what they would pay at a banking institution in the state.

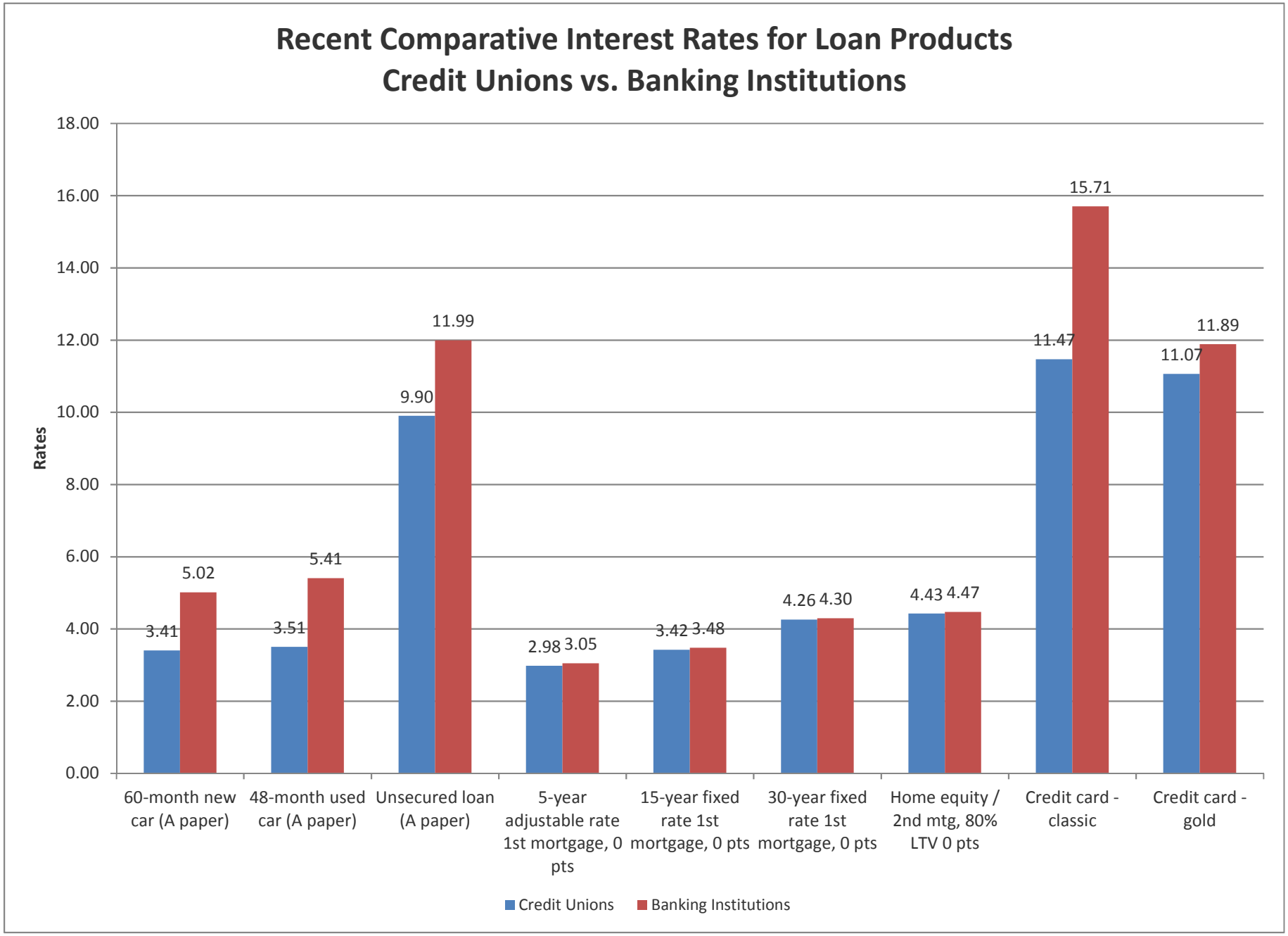
Further, loyal members - those who use the credit union extensively - often receive total financial benefits that are much greater than the average.

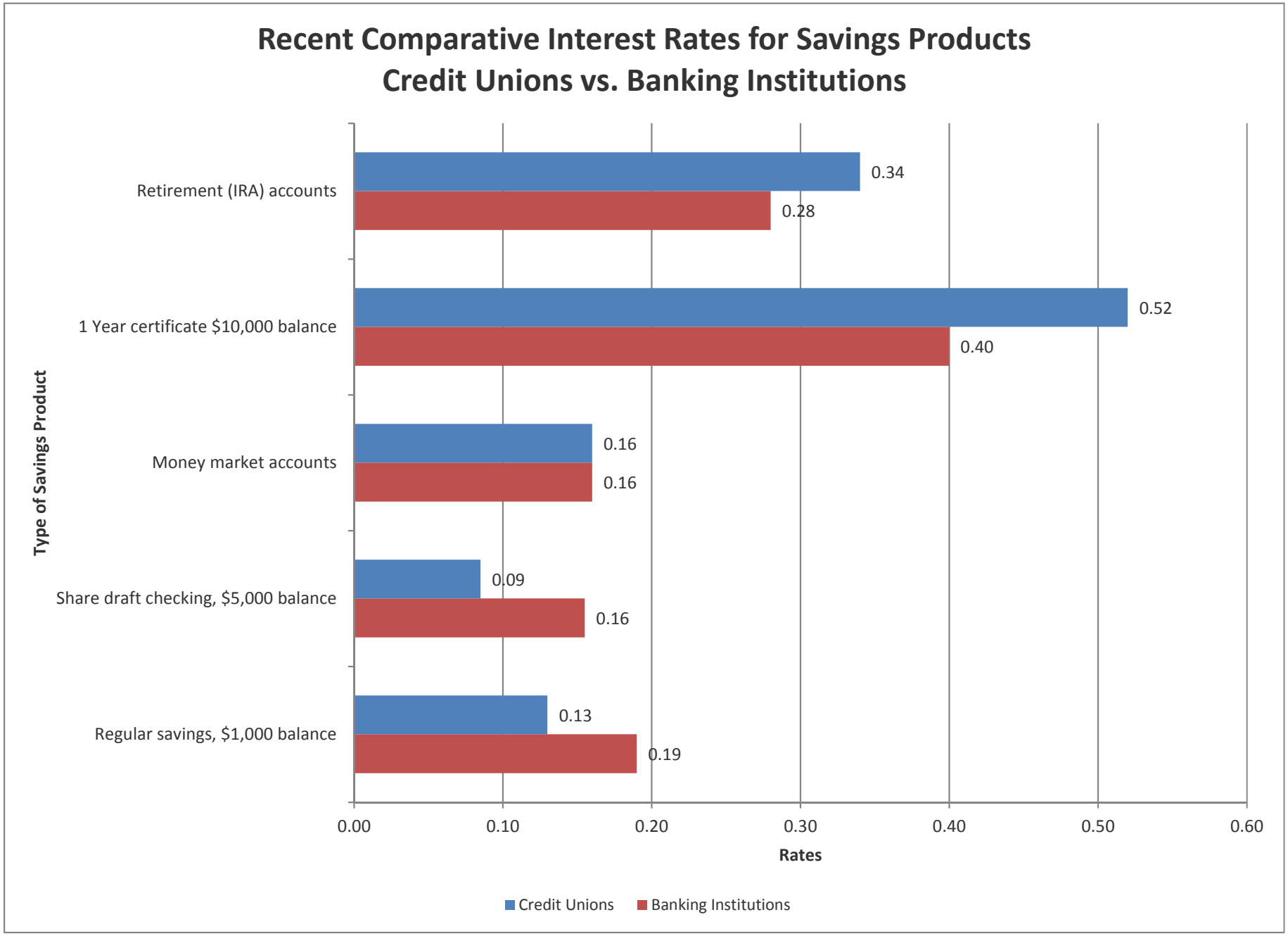
New Jersey credit unions excel in providing member benefits on many loan and saving products. In particular, New Jersey credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate, home equity loans, credit cards loans.

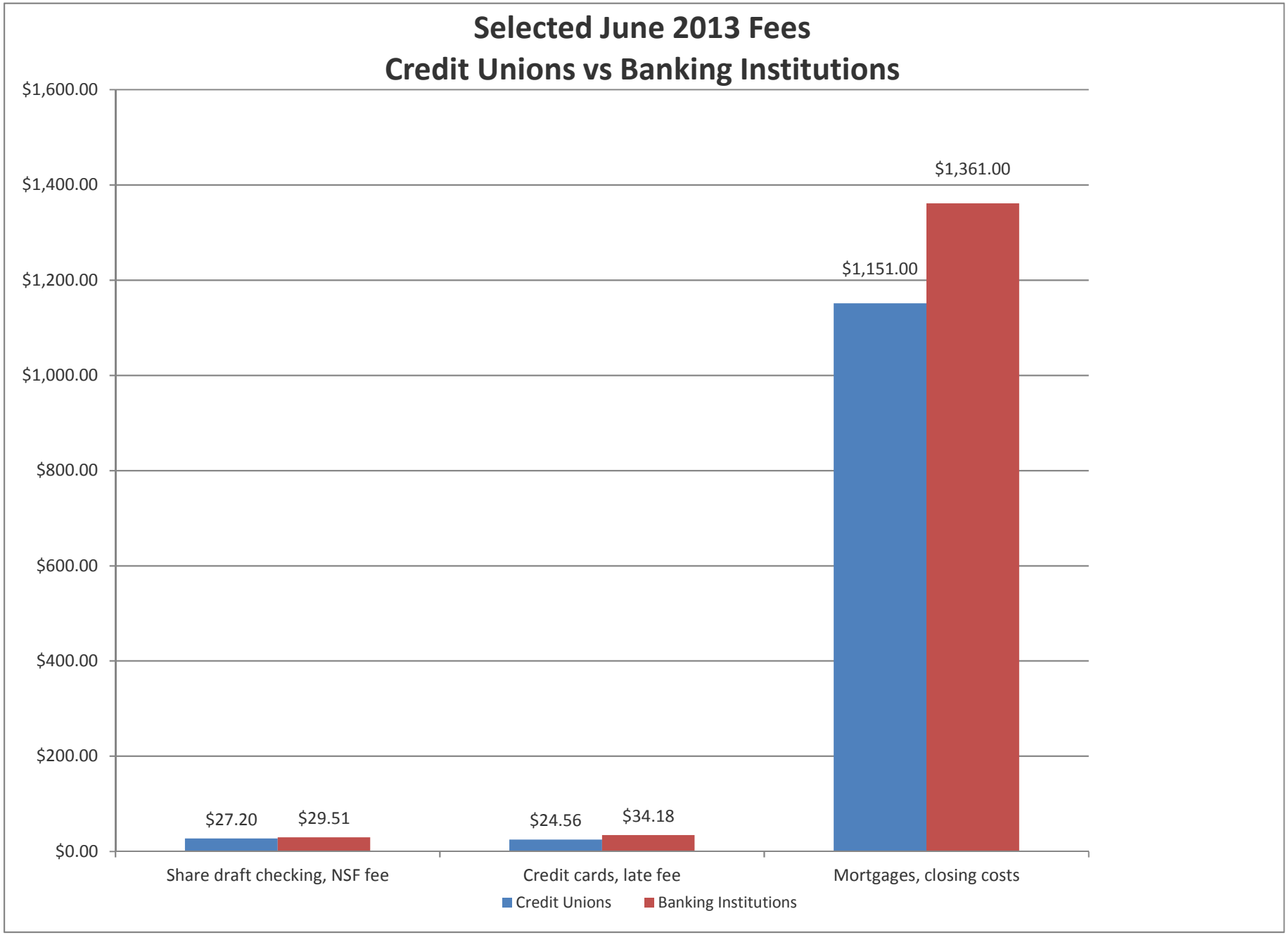
New Jersey credit unions also pay members higher average dividends on the following accounts: certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS

Source: Datatrac, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.


Recent Comparative Interest Rates for Loan Products
Credit Unions vs. Banking Institutions
Rates
18.00
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
3.41
5.02
3.51
5.41
9.90
11.99
2.98
3.05
3.42
3.48
4.26
4.30
4.43
4.47
11.47
15.71
11.07
11.89
60-month new car (A paper)
48-month used car (A paper)
Unsecured loan (A paper)
5-year adjustable rate 1st mortgage, 0 pts
15-year fixed rate 1st mortgage, 0 pts
30-year fixed rate 1st mortgage, 0 pts
Home equity / 2nd mtg, 80% LTV 0 pts
Credit card - classic
Credit card - gold
Credit Unions
Banking Institutions

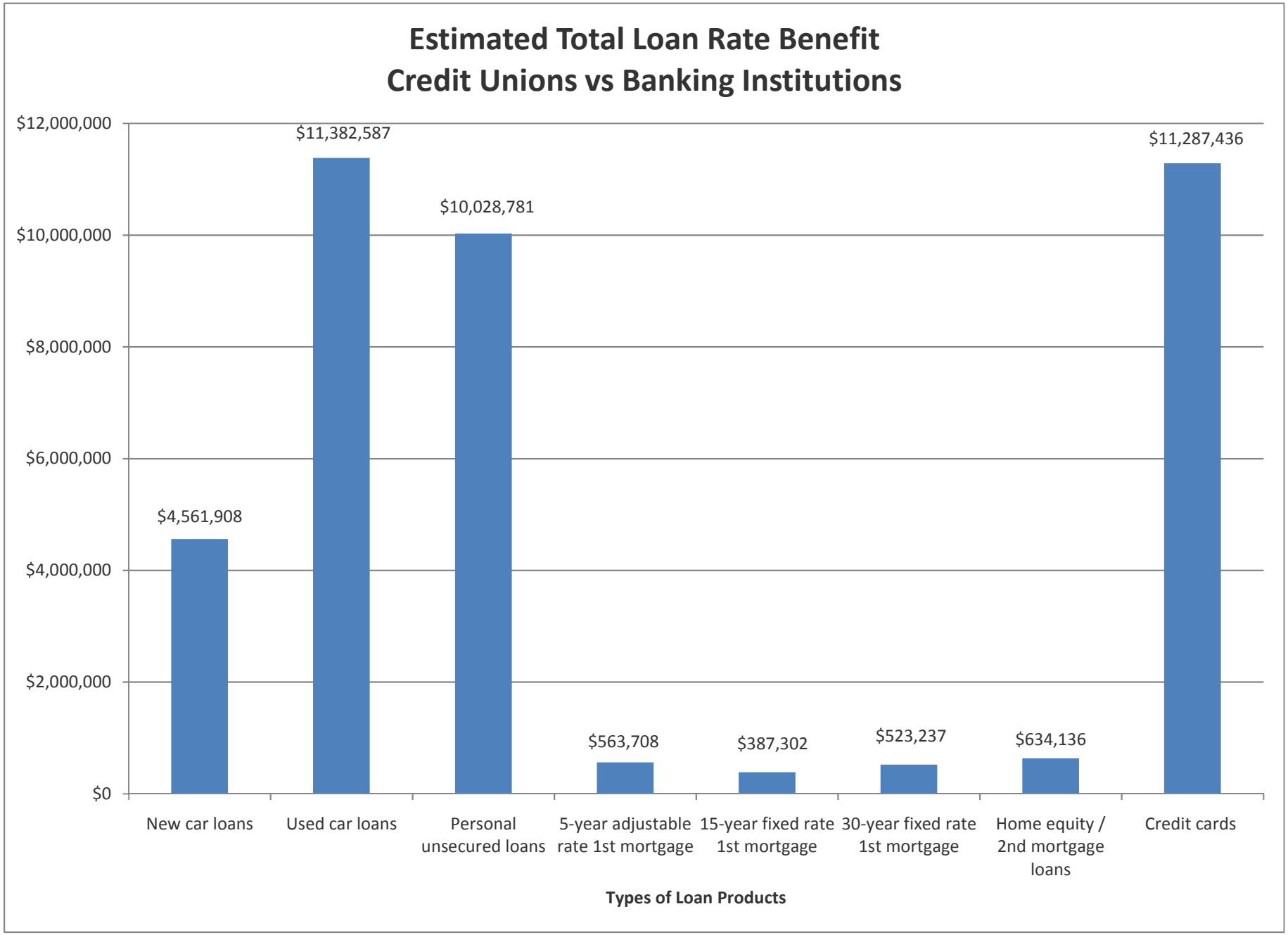

Recent Comparative Interest Rates for Savings Products
Credit Unions vs. Banking Institutions
Type of Savings Product
Retirement (IRA) accounts
1 Year certificate $10,000 balance
Money market accounts
Share draft checking, $5,000 balance
Regular savings, $1,000 balance
0.34
0.28
0.52
0.40
0.16
0.16
0.09
0.16
0.13
0.19
0.00
0.10
0.20
0.30
0.40
0.50
0.60
Rates
Credit Unions
Banking Institutions

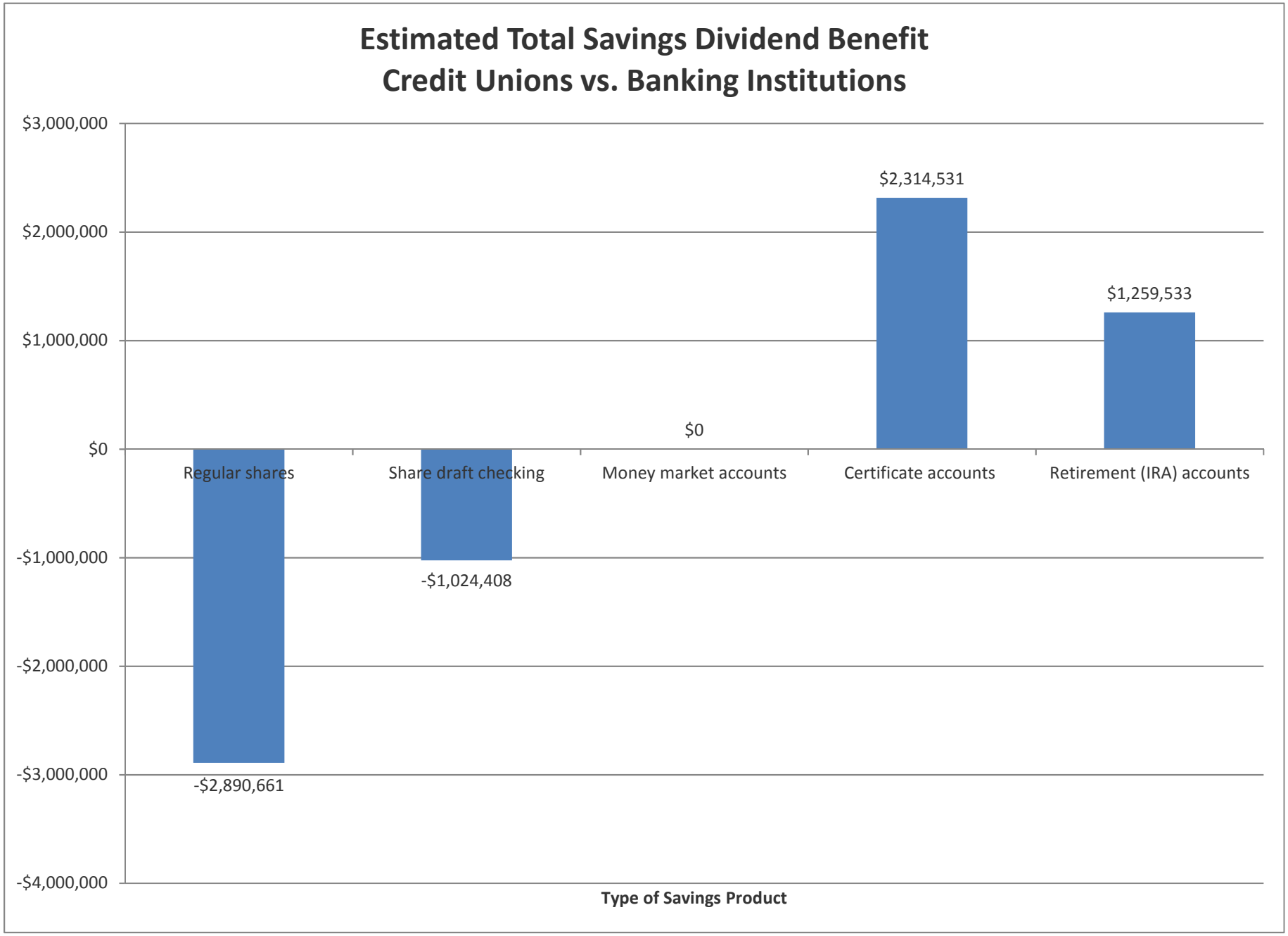

Selected June 2013 Fees
Credit Unions vs Banking Institutions
$1,600.00
$1,400.00
$1,200.00
$1,000.00
$800.00
$600.00
$400.00
$200.00
$0.00
$27.20
$29.51
$24.56
$34.18
$1,151.00
$1,361.00
Share draft checking, NSF fee
Credit cards, late fee
Mortgages, closing costs
Credit Unions
Banking Institutions

New Jersey
Credit Union and Banking Instituion
Mid-Year 2013 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.41	5.02	-1.61
48-month used car (A paper)	3.51	5.41	-1.90
Unsecured loan (A paper)	9.90	11.99	-2.09
5-year adjustable rate 1st mortgage, 0 pts	2.98	3.05	-0.07
15-year fixed rate 1st mortgage, 0 pts	3.42	3.48	-0.06
30-year fixed rate 1st mortgage, 0 pts	4.26	4.30	-0.04
Home equity / 2nd mtg, 80% LTV 0 pts	4.43	4.47	-0.05
Credit card - classic	11.47	15.71	-4.24
Credit card - gold	11.07	11.89	-0.82
Savings Products			
Regular savings, $1,000 balance	0.13	0.19	-0.06
Share draft checking, $5,000 balance	0.09	0.16	-0.07
Money market accounts	0.16	0.16	0.00
1 Year certificate $10,000 balance	0.52	0.40	0.12
Retirement (IRA) accounts	0.34	0.28	0.12
Fee Income			
Share draft checking, NSF fee	$27.20	$29.51	-$2.31
Credit cards, late fee	$24.56	$34.18	-$9.62
Mortgages, closing costs	$1,151.00	$1,361.00	-$210.00

Source: Datatrac


Estimated Total Loan Rate Benefit
Credit Unions vs Banking Institutions
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
$4,561,908
$11,382,587
$10,028,781
$563,708
$387,302
$523,237
$634,136
$11,287,436
New car loans
Used car loans
Personal unsecured loans
5-year adjustable rate 1st mortgage
15-year fixed rate 1st mortgage
30-year fixed rate 1st mortgage
Home equity / 2nd mortgage loans
Credit cards
Types of Loan Products


Estimated Total Savings Dividend Benefit
Credit Unions vs. Banking Institutions
$3,000,000
$2,000,000
$1,000,000
$0
-$1,000,000
-$2,000,000
-$3,000,000
-$4,000,000
$2,314,531
$1,259,533
$0
-$1,024,408
-$2,890,661
Regular shares
Share draft checking
Money market accounts
Certificate accounts
Retirement (IRA) accounts
Type of Savings Product

Estimated New Jersey Credit Unions Financial Benefits

Mid-Year 2013

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. New Jersey Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	283,348,306	-1.61	$4,561,908
Used car loans	599,083,516	-1.90	$11,382,587
Personal unsecured loans	479,845,978	-2.09	$10,028,781
5-year adjustable rate 1st mortgage	805,297,769	-0.07	$563,708
15-year fixed rate 1st mortgage	645,502,651	-0.06	$387,302
30-year fixed rate 1st mortgage	1,308,092,785	-0.04	$523,237
Home equity / 2nd mortgage loans	1,409,192,014	-0.05	$634,136
Credit cards	333,454,543	-4.24	$11,287,436
Interest rebates in period			$418,063
Total CU member benefits arising from lower interest rates on loan products:			$39,787,158
Savings			
Regular shares	4,817,767,943	-0.06	-$2,890,661
Share draft checking	1,463,439,623	-0.07	-$1,024,408
Money market accounts	1,539,411,227	0.00	$0
Certificate accounts	1,928,775,754	0.12	$2,314,531
Retirement (IRA) accounts	1,049,610,936	0.12	$1,259,533
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			-$341,004
Fee Income			
Total CU member benefit arising from fewer/lower fees:			$8,152,745
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			$47,598,899
Total CU member benefit / member:			$45
Total CU member benefit / member household:			$86

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2012 and September 2011, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

New Jersey
Performance Profile

Demographic Information	Jun 13	Jun 12
Number of branches	338	395
Total assets ($ mil)	12,814	12,563
Total loans ($ mil)	6,381	6,347
Total surplus funds ($ mil)	5,980	5,787
Total savings ($ mil)	11,427	11,121
Total members (thousands)	1,058	1,060
Growth Rates (Trailing 12 months) *		
Total assets	2.0 %	3.2 %
Total loans	0.5 %	-3.4 %
Total surplus funds	3.3 %	10.6 %
Total savings	2.7 %	3.1 %
Total members	-0.2 %	-3.5 %
Earnings - Basis Pts. *		
Yield on total assets	324	358
Dividend/interest cost of assets	53	72
Fee & other income	94	88
Operating expense	294	300
Loss Provisions	34	39
Net Income (ROA) after stabilization exp	37	36
Capital adequancy		
Net worth / assets	9.6	9.5
Asset quality *		
Delinquencies / loans	2.0	2.0
Net chargeoffs / average loans	0.8	0.7
Total borrower-bankruptcies	6	5
Bankruptcies per 1000 members	1.1	0.9
Asset/Liability Management		
Loans / savings	55.8	57.1
Loans / assets	49.8	50.5
Long-term assets / assets	45.1	42.0
Core deposits/shares & borrowings	56.5	54.1
Productivity		
Members/potentional members	5.9	6.6
Borrowers/members	42.6	40.5
Members/FTE	421	417
Average shares/members ($)	10,800	10,490
Average loan balances ($)	14,160	14,802
Salary & Benefits/FTE	71,682	71,130

*** Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months.**