

by a church or covering everyone in a county. What they all have in common is that only members may vote in elections of volunteer directors. Bank directors, on the other hand, are paid and legally bound to make decisions in the best interest of their stockholders.

**Credit unions work for the membership's best interest, not for the interest of a few stockholders.**

Another feature of credit unions is their volunteer leadership. Credit union board members (directors) are qualified, unpaid volunteers the members elect. They work for the membership's best interest, not for the interest of a few stockholders.

**SAVINGS AUTOMATICALLY SECURED**

Your savings are protected up to at least **\$250,000** by private coverage through the National Credit Union Share Insurance Fund (NCUSIF). This coverage for individual retirement accounts (IRAs) and Keoghs is \$250,000 as well.

NCUSIF is a unique protector in the financial services world. Credit unions participate by investing 1% of insured savings; then NCUSIF invests those funds and uses the earnings to pay operating expenses and absorb losses.

**FOLLOW THE CREDIT UNION LEAD**

The credit union movement has pioneered or greatly improved key services such as:

**Direct deposit and payroll deduction.** These services provide a safe and convenient way for members to save regularly and repay loans. Other institutions may offer these services, but credit unions were the first to make them work.

**Money-management education.** Credit unions have a tradition of member education. They:

- Offer seminars on topics such as buying a car or preparing for retirement;
- Provide publications that promote ways to manage money and use credit wisely; and
- Counsel members about ways to curb spending problems before they become serious.

**Technology and remote access.** Credit unions are leaders in providing remote access via phone and the Internet. While offering drive-thru access and e-statements also help protect members from fraud and identity theft.

As time goes on, more credit unions. When new members need assistance, credit unions find ways to satisfy their needs. Credit unions remember their mission—to promote the economic well-being of all people.



Stock No. 20158-PRO [cuna.org](http://cuna.org)

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If it offers savings and makes loans like a credit union, but its goal is to make a profit, then it's a bank.

Set them side by side, and you'll find credit unions provide pretty much the same types of services as other institutions under the financial services umbrella. Then why are loan rates lower and savings rates higher at the credit union?

**Ownership.** Since credit unions are owned by their members ("customers" in bank terminology), surplus earnings ("profits" to a bank) are returned to members in the form of **better rates, fewer fees, and great service.**

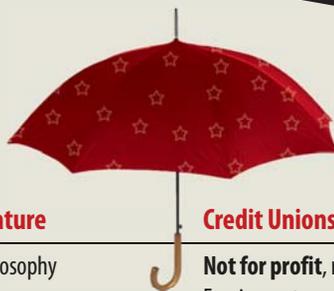
Credit unions began as an idealistic yet radical experiment. The concept was simple: form a pool of savings and lend it back to the members. Today, savings credit unions—which are democratic, not-for-profit financial cooperatives—serve millions of members worldwide.

Credit union membership confers a real financial benefit: the value of about \$7.3 billion a year; that's about \$154 a year (for 2009) per U.S. member household, according to Credit Union National Association, in Madison, Wis.

### TOP PRIORITY—SERVICE TO MEMBERS

Credit union founders had a motto, describing why credit unions were started in the first place: **"Not for profit, not for charity, but for service."** From the beginning, credit unions sought to keep people economically independent—by helping them learn to save and borrow prudently.

Organized around a common bond, a credit union typically opens membership to those who work, live, worship, or attend school in a defined community. You'll find credit unions for military personnel or teachers, as well as ones sponsored



## HOW CREDIT UNIONS COMPARE



Feature	Credit Unions	Banks and S&Ls
Philosophy	<b>Not for profit</b> , not for charity, but for service. Earnings returned as better rates, fewer and lower fees, improved services.	Business orientation. <b>Exist to earn a profit</b> for stockholders.
Control/management	Member-elected, unpaid <b>volunteer directors.</b>	Shareholder-elected, <b>paid directors.</b>
Savings (share accounts)	Regular and money market accounts, certificates, and other plans available.	Regular and money market accounts, certificates, and other plans available.
Loans	A wide variety of loan types including personal, auto, secured, unsecured, mortgage, student, and credit cards. Loan consideration usually based on applicant's character and ability to repay. Loan <b>rates usually lower</b> than at banks and S&Ls.	A variety of loan types but banks traditionally oriented toward commercial loans, S&Ls oriented toward mortgages. Loan consideration usually based on applicant's credit record and capacity to repay. Loan <b>rates usually higher</b> than credit union rates.
Checking (share draft)	Most credit unions offer at least one of the following accounts: economy checking, regular checking, or interest-bearing checking.	Checking account types are similar, but more banks charge <b>higher fees</b> associated with their accounts than do credit unions.
Fees	Credit union fees typically are <b>fewer and lower</b> than bank fees. Credit unions rarely price fees to produce revenue.	Fees account for nearly one-third of banks' total profits.
Safety	Deposits in nearly all credit unions are insured up to \$250,000 by federal or private insurer.	Nearly all accounts insured up to \$250,000 by a government agency.

**Editor's note:** Descriptions are generalizations. Services individual credit unions, banks, and savings and loans offer will vary.