

# CONNECTIONS

www.mcfcu.org | 800.834.0082

I hope this newsletter finds you in good health. It is a great time to give you an update on our performance for the first half of 2011, and our expectations for the balance of the year.

This report is based on our July 2011 results which are ahead of plan. Our capital position continues to grow, driven by strong cost control and strategic investment decisions we executed in 2009. We are classified by the NCUA (our regulator) as well capitalized. Loan volume is down (an opportunity); we have been able to offset the lower interest income with lower delinquency and cost control. Our Return on Assets or ROA continues to out-perform the national credit union average. Our operating expense performance is best in class in cost management

As many of you have experienced; the interest rate structure is not what it used to be. The Federal Reserve has announced that based on their forecast, they will not be changing the Fed rate for the next two years. This action is being announced to help stimulate the economy and stabilize the markets. The market reacted to the news with consecutive days of triple digit swings. At the time of printing this newsletter the volatility has slowed. Many of you have seen the roller coaster ride; don't panic, we have a plan.

Interest rates are at all time lows; it is a good time to borrow. Consider a consolidation loan to pay off higher interest credit cards. Perhaps a new more fuel efficient car is in your future, we can help. The truth is **we want to be your PFI Primary Financial Institution**, and **we want a bigger piece of your wallet share. Simply put; we want all of your business, and for good reason.**

**Currently we have \$30 million invested in outside investments. These investments are comprised of CD's, Mortgage backed securities, CMO's, and Agency Securities. They are all safe investments, but the yields in this market are low. The lower our investment yield is, the lower our income will be. This presents the opportunity. The solution; loan the money to our members. Here is how Credit Unions leverage their value to their members.**

Example: Loan Amount \$25,000 Interest Rate 5.0% Term 36 months Return rate on a 3 Yr Investment 1.25%

In the above example, the credit union would have earned more income in year one by loaning you the money (at the market-rate of 5%) versus our current investment at a rate of 1.25%. If you leverage that difference by the \$8 million dollars we are down in loans to our 2011 plan it could yield an additional \$319,600 of income for the year or an additional \$1,198,500 if the \$30 million in outside investments was loaned to our members. Our business is lending; help us grow our loans.

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So why should you do this? The more of your wallet share we hold, the more income we share in higher dividends and services we can provide for free or at low cost. I would ask if you have a need to borrow, that you talk to one of our loan officers. That is what we are here for. Is the credit card you hold in your wallet an M-C credit card? If not please come talk to us.

We are in the process of changing our core business systems. This project started in July 2010 and will end in August 2013, the date the process will be complete. In October 2011, credit card will be the first system migration. The specifics of this change are detailed in the newsletter. All the changes you will be seeing will improve our service, product offerings, and reduce costs. This project is a critical part of our strategic plan. We are currently in the process of selecting the vendor who will provide our core business systems solution. In our winter 2011 newsletter we will detail the improvements in service and products and the timetable for the project. We have out grown the current core system and are excited about all the potential the new systems offer us. Stay tuned for more information.

The Dodd / Frank legislation is in full swing. We have worked hard to mold the legislation to protect small financial institutions. We will continue to communicate with our legislators regarding the burden and additional costs imposed by this legislation. I would publicly thank Senator Toomey for his leadership and attention to issues facing credit unions. Senator Casey voted against credit unions. We will keep you in the loop on how our partners in Washington vote on key issues.

The Durbin amendment, part of the Dodd / Frank bill, will reduce revenue on debit card transactions by \$200,000. The revenue loss forces us to take actions to mitigate its impact. We will be discontinuing rewards points on our debit card program in response to this cut. This will not offset the loss, but will help. We are looking at other ways to address this issue.

I reach out to you to be an advocate for M-C. The umbrella of advocacy covers a large span. We ask for your continued support when we reach out to our legislators on key issues. Thank you for your support in the past. M-C was responsible for 2,000 faxes and calls to Washington regarding the Durbin amendment. Advocate with your friends and neighbors for M-C to be their financial partner. Personally, fully utilize the products and services we offer. It will make a difference. Please visit online at [www.mcfcu.org](http://www.mcfcu.org) for more information.

As always our actions are focused on you our members; and we thank you for that.

*Jim Barbarich*  
President & Chief Executive Officer

## SHIELD YOURSELF FROM SWINDLES

Fraudsters take advantage of innocent consumers daily through checks, ATM, and Internet scams, and they're using the latest technology to pull off their scams. Know the latest trends to protect yourself.

### Phishing scams

Phishers send fraudulent e-mails containing authentic looking logos and graphics and ask for financial information. Some scams are activated when you simply open an e-mail, no clicking required. Once infected, the scammers change the IP address in your PC's hosts file to their choosing, associates the IP address with financial institution websites, and forces your browser to go to fake websites.

**Tip:** Change online banking and shopping account passwords every three to six months. To avoid being led to fraudulent websites, retype Web addresses in your browser rather than click through e-mail links.

### Check scams

Fraudsters increasingly use e-mail to contact victims, and the most common check scam is the "Nigerian Advance Fee Fraud." You're told you'll be sent a check for an extra sum and you're asked to wire back the excess money. Scammers purport to be from other countries and claim you can collect on a sweepstakes or pay you to work at home. The realistic-looking checks are forgeries, but victims are responsible for money withdrawn against bad checks.

**Tip:** Don't send refunds or deliver goods in the time it takes cashiers' checks to clear.

### ATM scams

Skimming is one of the newest ATM scams. Using a skimmer--a card-swipe device that reads your ATM card--the fraudster uses a blank card to encode information from your ATM card and create a counterfeit. Your PIN is confiscated through a small camera mounted on the ATM. You won't know you've been scammed because your ATM card hasn't been stolen and still works at other machines.

**Tip:** Be on the lookout for anything out of the ordinary at the ATM, such as odd-looking equipment or wires. Monitor accounts regularly for unusual activity.

If you've been scammed, contact the financial institution toll-free at 1-800-834-0082 and the Federal Trade Commission at [www.ftc.gov](http://www.ftc.gov).

## NEW RULE INCREASES FUNDS AVAILABLE WHEN YOU DEPOSIT A CHECK

The next time you deposit a check at the credit union, you might notice a change that's twice as nice. Beginning July 21, federal legislation increases the minimum amount of funds deposited by check that a financial institution must make available by opening of business the next day--from \$100 to \$200. For more information about the new rule, talk to the professionals at M-C Federal Credit Union.

## ONLINE BANKING MAKES MONEY MANAGEMENT SIMPLE AND SAFE

Making sure your money is where it's supposed to be, when it's supposed to be there, is getting simpler all the time with online banking. Online banking services allow you to safely monitor your money, move your money, and view pending transactions. Online Banking is free for all members.

### Add convenience

Many members begin learning about online banking by monitoring account balances and tracking transactions. If you forget to record the amount of a debit card purchase at a gas station, online banking allows you to go online to retrieve a current statement that lists the transaction. Members can sign up to receive "account notifications," sometimes called "account alerts." You can set up account alerts online.

### Save time

Paying bills online is one of the biggest time-savers created by online banking. You enter account information when you sign up for the service, then return to the site to pay a bill with a simple mouse click. You also have the option of setting up automatic payments to handle recurring bills, such as insurance premiums or utility bills.

Paying bills online cuts costs by allowing you to purchase fewer paper checks, as well as eliminating the need for stamps and envelopes.

### Safeguard accounts

To prevent others from gaining access to accounts online, change online banking passwords frequently. Never create passwords based on common information such as birthdays, addresses, or your mother's maiden name. Never respond to an e-mail purporting to be from the credit union that requests account or password information.

When visiting the credit union's site, make sure the secure area of the site--those Web pages you access after you log in with your password--always has "https" at the beginning of the Web address displayed on the top of every page, and a locked padlock icon on the browser frame, not on the page. A "spoofed" site will appear to be legit but lack one or both of these markers.

Never share personal account information in e-mails. The exception is secured e-mail or instant messaging the credit union offers through the online banking service. A secured message session should have "https" in the website address and display a locked padlock icon.

### Explore your options

Take time to explore M-C Federal Credit Union's site. Online loan applications offer rapid loan approval. You even can join online and electronically transfer money to and from your accounts, view balances and pending debit transactions. Sign up for free today.

visit [www.mcfcu.org](http://www.mcfcu.org) for more details or call 800-834-0082 and speak with an MSR.



## INTERNATIONAL CREDIT UNION DAY



Join M-C FCU for ICU Day on October 20, 2011. This year's theme is "Credit Unions Build A Better World". Today ICU day is celebrated by 186 million credit unions in 97 countries. Credit Unions are much more than borrowing and saving. Credit Unions exist to help their members and live strong by their philosophy of people helping people. Credit unions are cooperatives and here, you're a member/owner. Visit any of our five branches on October 20th and help us celebrate International Credit Union Day.

# IMPORTANT INFORMATION ON CREDIT CARD CHANGES

Over the last several months, M-C Federal Credit Union has been diligently working to upgrade our credit card program to provide you greater value and more card benefits than ever before. We are pleased to let you know the transition to our new enhanced program is almost complete. The week of October 16, you will be receiving a new MasterCard credit card to replace your existing one.

## Benefits

Your new MasterCard will provide you with greater value and more card benefits. There are many benefits for your new card including: 24 hour fraud protection, Toll-free 24 hour call center to answer all your questions, new improved website with account and transaction information, free online payments, insurance protection options and reward points for every dollar spent.

## Online Access

You will also have secure, online access to your MasterCard from home or work, anytime you want with GoToMyCard. Make payments and view your account balance, available credit, recent transactions, and more online. It's fast, easy, and best of all it's FREE! You may register your new card at [www.gotomycard.com](http://www.gotomycard.com). We know you care about security, and we do, too. GoToMyCard has Secured Socket Layer (SSL) technology with 128-bit encryption to ensure your security.

## Actions to take before October 23, 2011

### \*New Card Activation

The week of October 16, you will be receiving your new plastic(s) with a new account number. Upon receipt, please read the enclosed information carefully and activate your new card(s) on the date specified. Once your new card is activated, please destroy your old card(s) and begin taking advantage of all new benefits of your M-C FCU Credit Union MasterCard. Be sure to stop using your old card by 10/23/11 so you can begin using the new credit card.

### \*Pre-authorized Agreements

If you have any pre-authorized agreements with specific companies to charge your credit card account for payment, please make sure to notify them that your account number has changed once you have activated your new card(s). If you use a bill payment service it is also important to notify them that your account number and payment address is changing. The new payment address will be included on each of your statements. The new payment address effective on 10/23/11 is:

MasterCard  
PO Box 672051  
Dallas, TX 75381

If you have any questions about the upcoming changes or your new card(s), please feel free to contact us at 800-834-0082 or visit our website [www.mcfcu.org](http://www.mcfcu.org). You may also call the toll-free 24 hour call center at 800-442-4757. We look forward to providing you with a MasterCard that has all the benefits you deserve.

## Your credit card rewards are about to get even better.

### Say hello to the **Rewards!** program

Along with our new credit card changes, M-C FCU will be also be changing from UChoose Rewards to our new enhanced Rewards! Program. Beginning October 23, 2011, you will earn one point for every \$1 spent in signature transactions with your MasterCard credit card. Use your rewards credit card for all your purchases and watch the points add up. If you are currently registered for UChoose rewards, you can redeem your remaining points at [www.uchooserewards.com](http://www.uchooserewards.com) before 10/23/11. If you do not use your points by 10/23/11 and you are currently registered at UChoose, your remaining points will be transferred to the new Rewards! Program. In order to earn and redeem points on your credit card purchases, you must sign up for the new Rewards! Program even if you were previously signed up for UChoose rewards. Once your new card is activated, sign up at [www.manage-my-rewards.com](http://www.manage-my-rewards.com)

### Hundreds of Rewards

With Rewards! You can choose from hundreds of rewards including gift cards, merchandise, travel, experiences, green products and charitable donations. With so many rewards options, the hardest part is choosing your reward!

### Earn bonus points and enjoy big savings

As part of the rewards program you will have exclusive access to several perks:

- Earn 5x points at our Perks Points Mall
- Earn 3x points at our More Points Superstore
- Save up to 40% at local restaurants

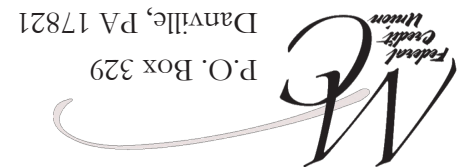
### Applying is easy

Get a low rate MasterCard at M-C FCU, it's easy to apply. You can start earning points right away.

- Visit a branch location
- Call—Loan by phone 866-265-4255
- Visit online at [www.mcfcu.org](http://www.mcfcu.org)



Visit [www.manage-my-rewards.com](http://www.manage-my-rewards.com) to set up your account, access perks and start browsing rewards beginning 10/23/11



## AMERICAN INCOME LIFE INSURANCE INFORMATION

American Income has partnered with M-C Federal Credit Union to provide additional, no cost benefits to members. A letter was sent out early this year regarding the new benefits that each member has.

- Every member has \$3000.00 accidental death and dismemberment. This coverage is no cost to the member.
- Every member is eligible for a free discount card, up to 60% off member's hearing, vision, chiropractic care and pharmacy drugs. This card is no cost to the member.
- Every member is eligible to receive child safe kits. This kit helps protect your children and includes fingerprinting id cards and information to be kept in case of emergency. The kit is no cost to the member.
- Every member has the coverage regardless of if they responded to the program. If a member notified American Income of their beneficiary, an American Income representative will call to deliver your individual certificate of insurance and deliver you other no cost benefits at that time, including your discount card, child safe kits, family memorial guide and free life insurance education program.

If any member has specific questions regarding their benefits, please contact American Income's public relations liaison at 330-413-0463.

### LOCATIONS

<b>MAIN OFFICE</b>	230 Walnut St. Danville, PA 17821
<b>BLOOMSBURG</b>	599 East 7th St. Bloomsburg, PA 17815
<b>CHEROKEE</b>	100 Avenue C, Riverside, PA 17868
<b>LEWISBURG</b>	1339 Saint Mary St. Suite 1 Lewisburg, PA 17837
<b>EVANGELICAL</b>	1 Hospital Drive Lewisburg, PA 17837

*Building Lifelong Relationships...One Member at a Time*

### CONTACT US

<b>Toll-free</b>	800-834-0082
<b>Tellerline</b>	888-828-5735
<b>Loan by phone</b>	866-265-4255
<b>Website</b>	www.mcfcu.org



### holiday closings

Labor Day	Columbus Day	Thanksgiving Day	Christmas Eve	Christmas Day
Monday, Sept. 5	Monday, Oct. 10	Thursday, Nov. 24	Saturday, Dec. 24	Sunday, Dec. 25 & Monday Dec. 26