



member update

Winter 2011

New Electronic Banking Services Coming this Spring

In order to provide you with an even better electronic banking experience, this spring we will be making changes to Voice Banking, Online Banking, Bill Pay and Mobile Banking. Voice Banking will be the first to change, followed by Online Banking and Bill Pay, then Mobile Banking shortly after. For more specific details and dates, log on to www.unitedfcu.com/updates. Here are some changes you can expect:

Voice Banking (TARA)

- Easy, first-time login process
- Simplified menu - no need to enter account types

Mobile Banking

- iPhone and Droid apps will be available
- Login process will change to mirror new online banking

Online Banking (PowerLink)

- More secure login process using a Secure Access Code delivered to you via phone, email or text
- All eStatements will convert to the new system
- Up to 6 months of transaction history will be available in the new system
- New overview screen shows you an overview of your accounts and other critical account information
- New, enhanced account alerts
- Shortcuts for common transactions
- A NEW Personal Finance Manager allows greater access to all your accounts and budgeting tools (comparable to Quicken)
- Express Web Connect to Quicken and Quickbooks
- Interactive demo available before we move to the new system

Bill Pay

- All payee and scheduled payments will transfer over to new system.
- Funds are not withdrawn from your account until the payment due date, or the check clears.

New Web Site - Spring 2011!

Coming soon to a computer near you! United Federal Credit Union is pleased to announce a new web site experience that will bring you a more satisfying online experience.

The new look is not the only change you'll notice. The navigation is easier and more intuitive. Also, product and service information will be presented in a way that will make it easier to help you make informed decisions on which options best suit you.



This is just a start to a whole new online experience that will bring the service and knowledge you expect from your credit union right to your home 24/7!

what's inside

- > Letter From The President
- > Letter From The Chairman
- > Financial Statement
- > United Investment Planning

we'll get you there.



2010: Stability and responsibility prevail

Stability and responsibility distinguish United Federal Credit Union. Stable financials and responsible leadership permitted United to experience growth and prosperity in 2010. It was a tough year marked by a slow recovery, with members facing depressed home values, high

unemployment, and low consumer confidence; yet, our members experienced real value through their United membership.

United believes in responsible lending. We grant credit that makes sense for our members, and we will not increase a member's risk with too much debt. Responsible lending led to a strong UFCU balance sheet. In 2010, Solid financials allowed United to sustain reliable financial services through the recession, unlike some other financial institutions.

Responsible leadership and management is a characteristic of United FCU. From the Board of Directors to the front-line employees, we are blessed with a strong team. This team of skilled professionals can make the tough decisions in difficult times.

Our financial reports declare our safety and soundness, and United outperformed peer credit unions throughout the nation. Financial strength enabled outstanding results. In 2011, United improved the lives of our 103,000 members!

Tight credit wasn't evident at UFCU. We lent \$64 million for vehicles, \$128.4 million for mortgages, and \$26.4 million for businesses. We increased member deposits by over \$100 million and our call center expanded hours, fielding over 283,000 calls from members.

Thanks

It is a privilege and a blessing to lead this credit union. I want to thank my team:

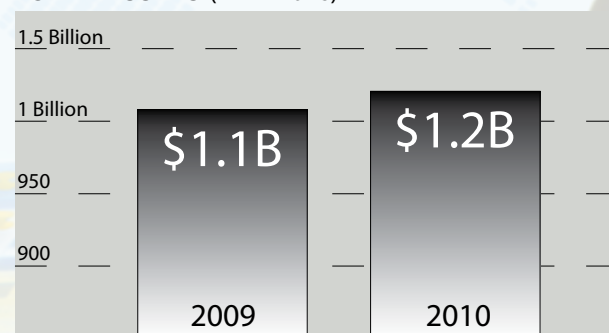
- From the front-line team in the branches and on the phones who deliver the United Value personally to our members.
- To the support teams (seldom seen by the members) who make us all look like champions.
- To our management teams, who lead, make the daily decisions, and keep us on course, delivering the United Difference every day.
- To my leadership team, steering United FCU towards success.
- And our Board of Directors, who govern us true to our course and direct growth to achieve economy of scale while delivering consistent value.

I reserve my greatest thanks to our members who choose United as their primary financial institution and who define our worth as a credit union. Every day you vote with your choice, and I thank you for choosing United FCU. It is our honor and privilege to serve you.

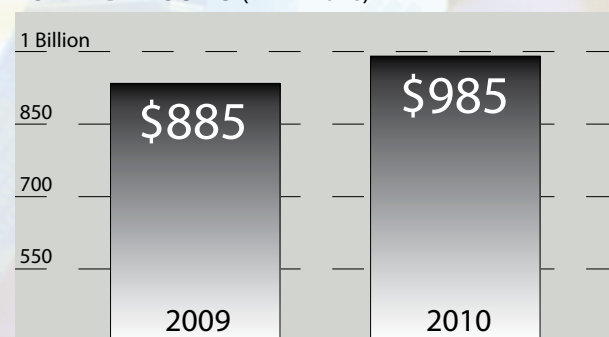
Gary Easterling
President/CEO

STRENGTH OF UNITED!

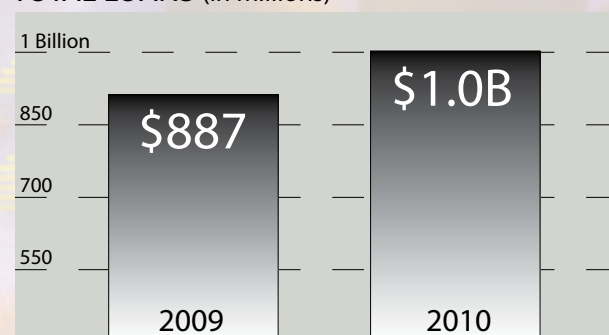
TOTAL ASSETS (in millions)



TOTAL DEPOSITS (in millions)



TOTAL LOANS (in millions)



New Fletcher Office Now Open

We have officially moved into our new office in Fletcher, North Carolina, located at **4006 Hendersonville Road**. The grand opening was held on November 17. Helping us celebrate the event were community representatives, local officials and our great staff. Adding to the festivities was a drawing for a \$500 gift card - won by Wayne Ledbetter.

The new office allows us to offer members more amenities along with a more prominent location. A convenient drive-thru is also now available.

We encourage all of our area members to stop by and check out the new office!

Statement of Financial Condition	2009	2010
Assets		
Cash	\$ 67,070,797	\$ 30,078,443
Investments	95,191,062	124,110,178
Net loans to members	887,533,579	1,011,775,781
Net land, building, furniture, equipment	42,460,889	44,140,729
National CU Share Insurance Fund	8,128,336	8,701,857
Other Assets	7,837,011	9,646,999
Total Assets	\$1,108,221,674	\$1,228,453,987
Liabilities and Member Equity		
Member Shares	\$885,864,156	\$985,825,324
Accrued interest payable	1,027,201	992,816
Notes/accounts payable and accrued expense	97,018,171	106,338,087
Member equity	124,312,146	135,297,760
Total Liabilities and Member Equity	\$1,108,221,674	\$1,228,453,987

- 1 This money is working for you. Compare the proportion of loans and investments to total assets. A good target is 80-90 percent. Our 2010 ratio was 92 percent.
- 2 These are investments in office space, computers and other service delivery systems. Based on National Credit Union Administration (NCUA) guidelines, credit unions try to limit these to less than 5 percent of total assets. In 2010, ours was 3.6 percent.
- 3 These are deposits made by the credit union to guarantee the safety of your dollars through the National CU Share Insurance Fund.
- 4 This amount includes notes to fund our 30-year fixed-rate mortgages.

Statement of Income	2009	2010
Income		
Interest on member loans	\$52,679,546	\$64,492,061
Investment income	1,352,649	2,466,011
Other income	21,902,971	21,572,822
Total Income	\$75,935,166	\$88,530,894
Expenses		
Salaries and Benefits	\$18,880,221	\$23,880,460
General operating	17,001,811	20,336,202
Member education and promotion	1,830,505	1,691,660
Staff education and training	731,968	807,558
Provision for loan losses	9,896,732	11,616,890
Total Expenses	\$48,341,237	\$58,332,770
Distribution of net income		
Net income	\$27,593,929	\$30,198,124
Less dividends	22,603,233	19,298,434
To reserves and undivided earnings	4,990,696	10,899,690
Number of Members	95,204	102,799
Net-Worth-To-Asset Ratio	11.22%	11.01%

Your credit union board of directors has hired the independent auditing firm of Plante & Moran, LLP, to audit our financial statement as of December 31, 2010. These audited financial statements, on which an unqualified opinion is expected to be rendered, will be available during business hours upon request.

Member equity divided by assets gives our net-worth-to-asset ratio. The higher the ratio, the stronger our financial position. Our ratio for 2010 was 11.01 percent.

This is money earned by the credit union. "Other income" primarily comes from volume like VISA interchange, insurance sales and sale of fixed assets.



2010: Looking back and moving ahead

Reflecting on the past year, 2010 was a year of progress and change at United Federal Credit Union. We achieved milestones in growth, added major services, welcomed new leaders, and made bold plans for the future.

In August, we achieved a major milestone when welcomed the credit union's 100,000th member at our Berrien Springs branch. Our membership growth continues to be a testament to the credit union's strength and security.

In another testament to your credit union's strength, assets exceeded \$1.2 billion during 2010. Our continued strength meant we could offer the services you need, including attractive savings rates even as other institutions dramatically raised fees, slashed dividend rates, and retreated from the savings market.

2010 also saw the launch of United Diamond Insurance Agency, our own full-service insurance agency. We now have the ability to provide lower-cost auto, home, and business insurance to our members. It is another way the credit union continues to distinguish itself as a trusted provider of convenient services.

Human capital and leadership are critical to United Federal Credit Union's continued success, and the credit union welcomed several new leaders. Janilyn Daub joined the Board of Directors as its newest member. Janilyn is a partner and the administrator of the Labor and Employment Law Department of Barnes & Thornburg LLP's South Bend and Elkhart, Indiana, offices. Tim Bennett joined the United team as VP of Marketing, and Cindy Swigert became Chief Human Resources Officer.

Looking ahead to 2011, we will invest significant human and monetary resources to enhance our member experience. New computer systems will set us on the path to more efficient member service for at least a decade to come, and we will continue to remodel and improve branch locations. These investments are designed to ensure that your credit union is easy for you to do business with — whenever and wherever you wish.

In the coming year, we will strengthen our strategic plan, grow our management skills, and develop new products — all with the goal of delivering exceptional member service. We know we've gained your business and respect by offering great products and easy transactions. To retain your business and respect, we must continue to offer more services, more convenience, and never lose sight of personal service and dedication. That is our commitment to you, our members.

J.B. Hoyt
Chairman of the Board

we'll get you there.



United

FEDERAL CREDIT UNION

2807 S. State Street
St. Joseph, MI 49085

Member Service Center

269-982-1400
888-982-1400 (toll-free)
Weekdays 8 a.m. - 8 p.m. est
Saturday 9 a.m. - 1 p.m. est

Nevada Member Service Center

775-329-6673
800-283-8485 (toll-free)
Weekdays 8 a.m. - 6 p.m. pst

fax: 269-982-1420

web:
www.unitedfcu.com

email:
united@unitedfcu.com



United Investment Planning

Easing the Tax Burden

With the stress of tax season upon us, now is a good time to start planning for the upcoming year. There are a number of ways to ease the tax burden by investing in tax advantaged accounts, such as an Individual Retirement Account or 401(k) plan. Even if you're already contributing to an employer-sponsored plan, you may be eligible to deduct a portion of your IRA contributions.

Retirement Planning

According to the IRS, 401(k) plans are the most popular type of

retirement plans. Under 401(k) provisions, employees elect to have a portion of their wages withheld and contributed to the plan on a pre-tax basis. The two main advantages are that elective deferrals and investment gains are not subject to Federal Income Taxes until distributed from the plan, and deferrals are always 100% vested.

Tax Advantaged Accounts

Individual retirement accounts (IRAs) are accounts with tax advantages. You may contribute

up to \$5,000 in 2011. The catch up provision is an added benefit for those ages 50 and older. You may also qualify to add an extra \$1,000 annually to your IRA. The account grows tax-free until you begin making withdrawals, usually after age 59½. Withdrawing funds earlier might subject you to a 10 percent penalty by the IRS.

Reach Out To A Professional

We specialize in helping people reach their investment goals. Give us a call at **(888) 982-1400**. We look forward to speaking with you!

Investment services offered through CUSO Financial Services, L.P. (CFS), an independent broker/dealer. Investments are not NCUA/NCUSIF insured or credit union guaranteed and may lose value. Investment Advisors are registered through CFS (member FINRA/SIPC).

Corporate Offices:
2807 South State Street
St. Joseph, MI 49085

Michigan: Benton Harbor, Berrien Springs, Buchanan, Holland North, Holland South, Niles, Stevensville, St. Joseph **Arkansas:** Ft. Smith Jenny Lind, Ft. Smith Rogers Ave., Van Buren **Nevada:** Bible Way, Double R, Northwest, Reno Academy of Arts Careers & Technology, Sparks, Sparks - Reed High School
North Carolina: Fletcher, Statesville **Ohio:** Marion East, Marion West