



V-News

"I trust VSECU because it's a credit union. It's not so big business to me. It's locally owned and maintained." — Claudia, Member for 4 Years, & husband Bill, Member for 5 years

Quarterly Publication for VSECU Members • www.vsecu.com • Issue #53, Second Quarter 2009



Message from Steve Post, CEO

There is just no escaping the daily news reminding us that our economy is fragile and its future uncertain. Over the past few weeks, I've had a few members ask if

VSECU is in good shape and able to withstand this stormy cycle. It's a good question to ask.

You can be assured that VSECU is healthy and thriving. Our members can, and should, continue to rely on us as their trusted, local resource during these times of economic stress and uncertainty.

There are events unfolding, however, that will negatively impact all credit unions. These extraordinary events are taking place in the network of Corporate Credit Unions.

There are 28 wholesale corporate credit unions in the U.S. — they are credit unions for credit unions providing payment and settlement services as well as deposit and lending services to credit unions. Two of these corporate credit unions were recently acquired by federal regulators at the National Credit Union Administration (NCUA).

Assets held by these two corporate credit unions, mostly in mortgage backed securities, had declined to the point where their capital was not sufficient to continue operations without direct federal intervention.

Unlike for-profit banks that rely on government and taxpayer monies to rebuild the banking industry, our credit union industry is self-insured. In fact, to date,

the credit union system has never taken any money from the federal government. Funding to recapitalize these corporate credit unions will come from every "retail" credit union in the U.S. All credit unions, such as VSECU, will be assessed an increased premium relative to asset size, to support the insurance fund designed to protect the entire credit union system.

Our credit union is financially strong

- Your deposits are federally insured up to \$250,000.
- Our current capital position is strong at 8.44% when 7% is the regulatory level of a "well-capitalized" credit union.
- Our net earnings from current on-going operations are positive and exceeding our forecasts to date.
- Our loan portfolio is performing well and our delinquency and loan losses remain well below industry averages.
- Our investment portfolio is made up of securities and deposits that are either backed directly by the U.S. Government or by one of its agencies.
- We continue to attract deposits and have ample money to meet the responsible borrowing needs of our members.

The direct impact to VSECU will be a non-operating expense in 2009 of nearly \$3.5 million. We are working hard to find ways to lessen the cost of this extraordinary event, but at this point, it is likely that we could end the year with an income statement showing negative earnings despite our successful operations during the year.

Fortunately, we are well-capitalized and able to absorb this loss. Nonetheless, we are working hard to prevent our membership from bearing the cost of these actions, and you can be sure that work will continue.

VSECU is financially sound and able to continue operations amidst the uncertainties around us. I can't say it enough, that now more than ever VSECU is a good place to be.

I will continue to keep you updated on this and other issues in the financial system impacting our industry. For more details and up-to-date information, visit our website at www.vsecu.com.

Best Regards,
Steve Post

VSECU Finds New Ways to Go “Green” and Save

For a number of years, VSECU has adopted the mission to conduct business in more environmentally friendly ways. One way we’ve worked to do this is by reducing our use of paper. In our continuing efforts to “go green,” VSECU will make the following changes:

- Beginning with the third quarter 2009, this paper newsletter will be distributed to member households (those residing at the same address with same last name) and not to individual members. V-News will be inserted into the statement of the person in the household who has the longest membership with VSECU. Copies of our newsletter can be found at www.vsecu.com under the “About Us” section.
- The Making Cents newsletter for KIDShare and TEENShare members will be discontinued beginning this quarter. Instead, younger VSECU members will find financial information online at www.vsecu.com. Features will include a monthly financial tip and links to web sites packed with information, games and activities designed for all ages.

Stop Paper Statements & Save

You can help VSECU save costs and the environment by choosing to view your monthly or quarterly statement electronically. This newsletter and other statement inserts can still be accessed using E-statements. It’s easy to enroll. Look for “My E-Statements” at www.vsecu.com or contact a Member Service Consultant.

Learn How to Reduce Your Interest Rate on Energy Efficient Home Improvements!

Making your home more energy efficient is more affordable than ever, thanks to VSECU’s partnership with Efficiency Vermont. Through a program with Efficiency Vermont, qualified VSECU members may be able to reduce the interest rate on a loan for energy efficient home improvements. For more information, visit www.vsecu.com or ask a Member Service Consultant about how VSECU and Efficiency Vermont can help you save money.

Mark Your Calendars!

IRAs

You still have time to open an IRA for tax year 2008! The deadline is April 15, 2009. Contact us today!

Green Up Vermont!

Saturday, May 2 — To find your town coordinator, visit www.greenupvermont.org or call 800-974-3259.

Way to Go!

May 4-8 — Join the movement to promote earth-friendly modes of transportation, such as carpooling, public transportation, bike riding and walking. Learn more about *Way to Go!* by visiting www.waytogo.org.

Invest in America Can Help You Save on Your Next Car Purchase

Credit unions have partnered with two U.S. car manufacturers to make it more affordable to “Invest in America” by purchasing an American-made car. Invest in America combines low car loan interest rates through your credit union with discounts and incentives from General Motors and Chrysler. Visit www.vsecu.com to learn more about how you can invest in America and save money on your next car purchase.

Spring 2009 Seminars & Workshops

Your Budget, Your Life Workshop

May 19, 6:00-8:00 p.m., VSECU Main Office, Montpelier
Register online or call 802/800 371-5162, ext. 5433

How to Manage and Reduce Your Debt Workshop

May 11, 5:30-7:30 pm, D. Alling Memorial Library, Williston
or May 26, 6:00-8:00 pm, Rutland Free Library, Rutland
Register online or call 802/800 371-5162, ext. 5433

HomeBuyers Seminar

Tentatively scheduled for late April, 5:30-7:30 pm,
VSECU, Montpelier
Register online or call 802/800 371-5162, ext. 5445

For seminar & workshop descriptions, visit www.vsecu.com.

VSECU Rate Board · Second Quarter 2009

The Board of Directors has declared the Share Dividend rates below for the 2nd Quarter of 2009.

	APY
Share Accounts	.50%
Share Draft Accounts	.25%
IRA Share Accounts	.50%

Dividends are disclosed as Annual Percentage Yield as of 4/01/2009 and are subject to change without notice in accordance with applicable regulations. Additional rates and terms may apply and be available. Please inquire for specific information.



For up-to-date rates and to inquire about other products and services, call us at 802/800 371-5162, visit our website at www.vsecu.com or stop by one of our convenient offices.

Federally Insured by NCUA