

THE CREDIT UNION DIFFERENCE

The credit union difference

**Credit unions put people over profits.
That's our difference.**

We serve communities one member at a time. And credit unions are as diverse as the communities they serve.

Did you know: credit unions originate a higher percentage of mortgage loans to African American and Latinx borrowers than banks?

115 million Americans have chosen credit unions. They know the difference! At Credit Union National Association (CUNA) we're working to ensure credit unions can keep delivering this difference to members.

More than 10% of credit unions are minority depository institutions (MDI).

Sources: NCUA

Where are the female CEOs?

Credit unions 52%

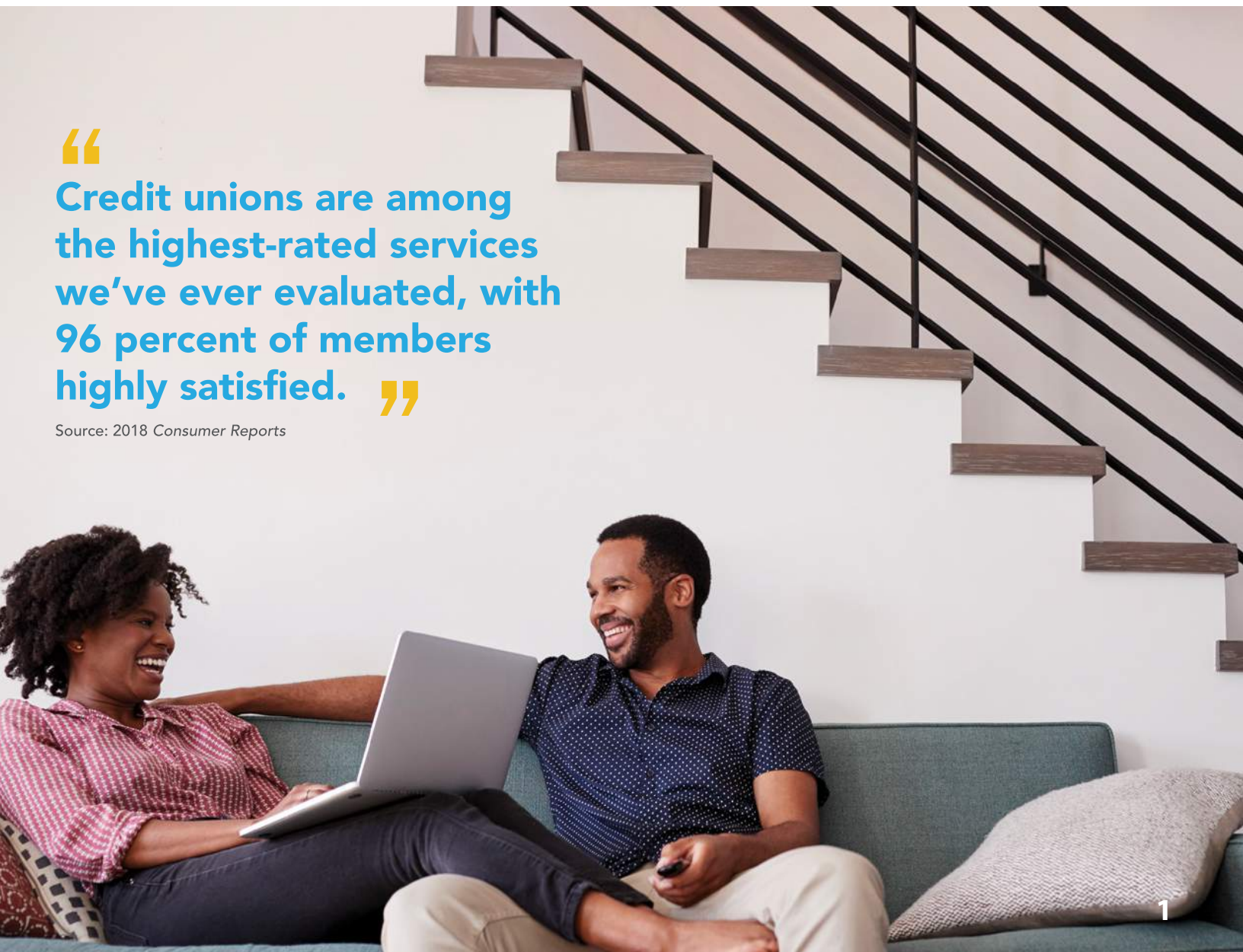
Fortune 500 6%

Commercial banks 5%

Sources: CUNA; Palvia, A., Vähämaa, E., & Vähämaa, S. (2015), *Journal of Business Ethics*

“
Credit unions are among the highest-rated services we've ever evaluated, with 96 percent of members highly satisfied.”

Source: 2018 *Consumer Reports*



What do credit union members own?

A piece of the pie!

Credit unions are not-for-profits that are owned by members.

Banks exist to make money for their stockholders.

At credit unions, profits are shared with members through:

- Higher savings returns
- Lower loan rates
- Fewer fees

▶ Credit unions provide \$12 billion in financial benefits to members annually.

Sources: DataTrac and CUNA



Are you a credit union member?

If you're not, your co-worker, friend, or family member likely is. After all, 115 MILLION AMERICANS are member-owners of credit unions.

Helping members make ends meet during the shutdown

Most American families don't have enough savings to manage through an unexpected emergency. Whether it's a natural disaster, a political crisis like the government shutdown, or something more common like a lost job or medical issue, life's challenges come fast and hit many people so hard they struggle to recover.

62% of the families affected by the recent partial government shutdown reported that they depleted most or all their savings

54% of Americans are within two paychecks of severe financial stress

63% of Americans can't cover a \$500 emergency

Sources: 2018 Prudential Financial Wellness Census; 2019 Fox News Poll

Credit unions support members in good times and bad.

People need reliable and supportive financial services to weather whatever comes their way.

Thousands of credit unions immediately acted to help members affected by the 2019 partial government shutdown without lawmakers having to ask.

▶ When our members needed us, we were there.

This is our "People Helping People" philosophy. Our mission and structure exist to serve our members.

Credit unions were there for the shutdown. We are there for wildfires, floods and hurricanes. We are there every day for 115 million Americans.

And we'll continue to be there, whenever our members need us most.

When CUNA asked 500+ credit unions about how they helped, we learned some truly incredible things:

11,000+

members were afforded loan extensions and other modifications, often with associated fees waived

Credit unions provided **>\$46 million** in low- or no-interest loans

60,000+

members turned to their credit union for support

>3,000

people joined a credit union to help them get through the shutdown's financial challenges



Credit Unions Serve ALL People in Their Fields of Membership

Keep Credit Unions Out of the Community Reinvestment Act

Congress enacted the Community Reinvestment Act (CRA) in 1977 as part of an effort to encourage banks to meet the credit needs of their communities, including low- and moderate-income communities.

Credit unions already have a mission to promote thrift and provide access to credit to **ALL** persons within their fields of membership; therefore, by statute, credit unions already operate to achieve the purposes of the CRA.

Credit unions are community-based financial cooperatives that exist as an important alternative to profit-driven banking models. Credit unions serve only their members and the communities they are formed to serve, including geographic, workplace, faith-based, or educational communities.

Data clearly show that credit unions equitably and successfully serve their members. Credit unions deliver more than \$15 billion in benefits to all consumers each year in the form of lower rates on lending and higher dividends on deposits.

The Bottom Line:

Extending the CRA to include credit unions would represent a significant step backward and prevent expanded access for millions of Americans to affordable mortgage credit and other financial services. Keep credit unions out of the CRA.



Taxed differently by design

Credit unions are member-owned and democratically controlled financial institutions that return earnings to our members. Credit unions move the economy forward one member at a time.

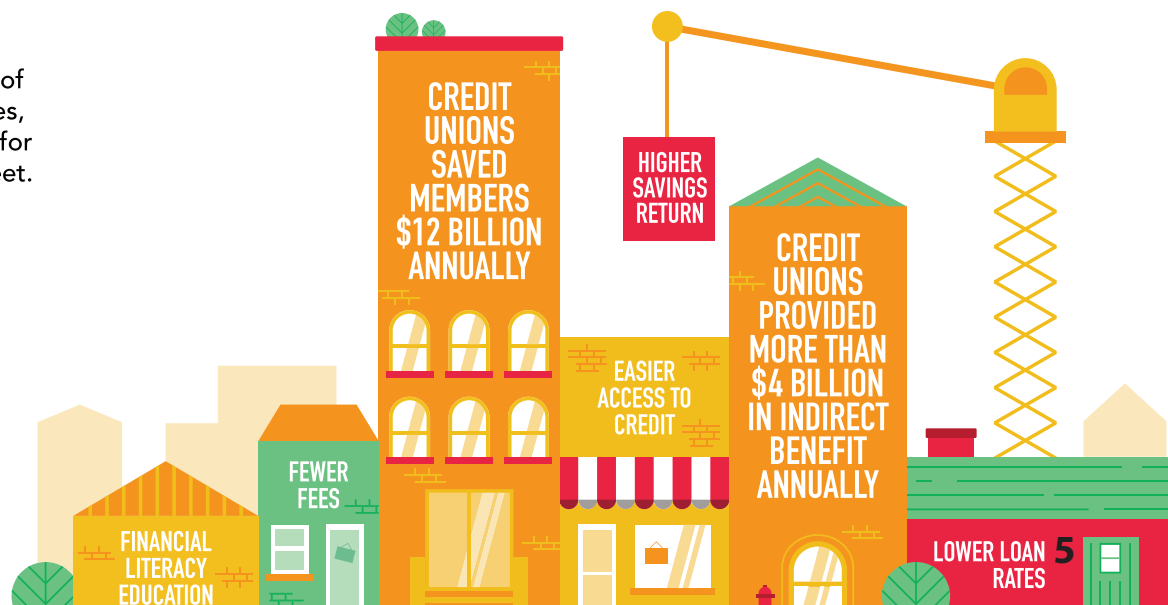
Credit unions are exempt from federal income tax because of our not-for-profit structure and mission to provide affordable financial services for our 115 million members nationwide.

1

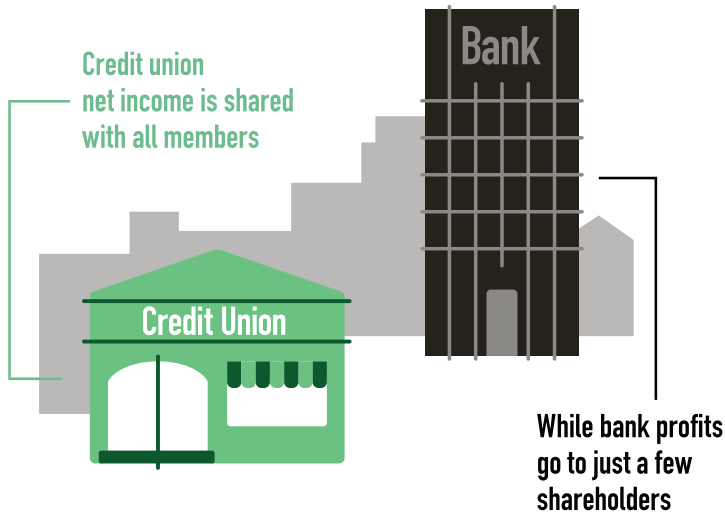
Not-for-profit, member-owned

and member-directed

Credit unions provide financial services focused on the needs of members and their communities, rather than maximizing profits for outside investors and Wall Street.



Where does the money go?



2

Providing value to local communities

Like banks, credit unions are insured and regulated. Unlike banks, we aren't motivated by shareholder profits. The money credit unions earn stays with our members.

The value of credit unions extends beyond the \$12 billion saved directly by our members. Credit unions provide more than \$4 billion in indirect consumer benefits to local communities, especially in underserved areas that often have no other affordable option for financial services.

3

Taxed differently

because we're different

Credit unions earn our tax status every day through our service to members and communities.

Credit unions annually contribute more than \$17 billion to federal, state and local taxes. Credit union members pay over \$1.5 trillion in income taxes annually. Imposing an income tax on credit unions would raise enough revenue to run the government for only 4 hours.

FACT:
BANKS GOT
\$26 BILLION in tax breaks
 from 2017 tax changes.

Source: FDIC, CUNA



THE BOTTOM LINE

Congress gave credit unions our mission. Now, we serve 115 million Americans and their families. **PROTECT THE CREDIT UNION TAX STATUS.**