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Illinois league advises, 'CUs a safe harbor'

NAPERVILLE, Ill. (7/28/08)--While some segments of the financial services industry are experiencing economic difficulties, Illinois credit unions remain safe and sound institutions for more than 2.7 million consumers who keep their money there, said the Illinois Credit Union League (ICUL).

There are about 8,500 credit unions nationwide, with more than 90 million consumers as members, holding about \$800 billion in assets. In Illinois, more than 430 credit unions hold \$20.8 billion in assets.

Member deposits in federal and almost all state-chartered credit unions are federally insured by the National Credit Union Administration (NCUA) through the National Credit Union Share Insurance Fund (NCUSIF), the league emphasized in a press release.

"Consumers who have federally insured funds in credit unions should rest assured that their deposits are safe up to at least \$100,000 per account, with additional coverage of up to \$250,000 for certain retirement accounts," said Dan Plauda, ICUL president/CEO.

The NCUSIF is in strong condition, with an equity ratio estimated at 1.24% for June 30, projected by year-end to be 1.28%, according to NCUA. Data from NCUA also show that Illinois credit unions are well capitalized, with an overall capital-to-asset ratio of 11.2%-- a capital cushion of \$3.12 billion.

In addition, data compiled by the Credit Union National Association indicates that Illinois consumers, at a time when they are concerned about their economic futures, trust credit unions to be a "safe harbor" for their money. Savings at credit unions in Illinois grew by more than 6% in the 12 months ending March 2008.

When it comes to lending, credit unions operate in the best interests of their members and are more conservative, unlike other more traditional financial institutions that exist to build up profits for stockholders, the league said.

As a result, credit unions steered clear of the subprime crisis and other risky lending practices. Mortgages at Illinois credit unions grew by nearly 17% in the 12 months ending March 2008--at a time when mortgage loans have forced other lenders to scale back or close their doors entirely, the league said.

Also, Illinois credit union mortgage delinquencies at the end of the first quarter stood at

0.42%. First mortgage charge-offs were 0.05%.

"Credit unions as a whole are very sound places to do business and exist solely to serve the best interests of their members. The more than 2.7 million consumers who belong to an Illinois credit union can have full confidence in their stability during the current national economic downturn. Not one penny of federally insured funds has ever been lost by a credit union member," Plauda concluded.

Resource Links

[Credit Unions: Safe and Sound statement stuffer](#) -

<http://buy.cuna.org/detail.php?sku=22959>

[Why You Should Belong to a Credit Union statement stuffer](#) -

<http://buy.cuna.org/detail.php?sku=21321>

[Fact Sheet: 'America's Credit Unions: Secure. Strong. Here are the Facts.'](#) -

http://www.cuna.org/download/CUs_Secure_Strong.pdf

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