



# Credit Union 101

What's the difference?





# History

## What is a Credit Union?

A credit union is a cooperative financial institution that is owned and controlled by its members, and operated for the purpose of promoting thrift, providing credit at reasonable rates, and providing other financial services to its members. Credit unions differ from banks and other financial institutions in that the members who have accounts in the credit union are the owners of the credit union. A credit union's policies governing interest rates and other matters are set by a volunteer Board of Directors elected by and from the membership itself. Credit unions offer many of the same financial services as banks.

## Cooperative

Defined as a farm, business, or other organization that is owned and run jointly by its members, who share the profits or benefits.

## Credit Union vs Banks - What's the difference?

<b><u>Credit Union</u></b>	<b><u>Bank</u></b>
✓ Not-for-Profit	✓ For Profit
✓ Returns profits to members in the form of lower loan rates, higher savings rates and lower fees	✓ Returns profits to Shareholders
✓ You are an owner of the Credit Union	✓ No ownership
✓ Members elect a volunteer Board of Directors to protect their interest	✓ Controlled by stockholders and paid officials
✓ Federally Insured by the National Credit Union Administration (NCUA)	✓ Federally insured by the Federal Deposit Insurance Corporation
✓ Can serve only those with in their Field of Membership	✓ Can serve anyone in the general public



# More History

## Credit Unions begin

The earliest financial cooperatives date back to the beginning of 19th century in England. A few decades later, credit unions took root in Germany. The first credit union in the United States, St. Mary's Cooperative Credit Association opened its doors in 1909.

In 1970, the National Credit Union Administration (NCUA) became an independent federal agency to regulate, charter and supervise federal credit unions. Congress also created the National Credit Union Share Insurance Fund (NCUSIF) to protect deposits at credit unions.

Today, the U.S. credit union system continues to overcome economic challenges. NCUA also continues to work, enhancing a credit union system that is safe, sound, secure and serving more Americans than ever before.

## Federal Credit Union Charters

The Federal Credit Union Act of 1934 recognizes three types of federal credit union charters:

**Occupational common-bond** – an employer-based group or persons employed within a Trade, Industry or Profession.

**Associational common bond** – a member-based group meeting the NCUA's threshold requirement and totality of circumstances test.

**Community** – a geographic area meeting the NCUA's definition of a well-defined local community or rural district.

While some state regulators have been more liberal with their Field of Membership (FOM) rules, they all generally follow these same general categories of FOM types.



# Our Start

## How Penn State Federal Credit Union began...

Chartered in January 1959, University Park Federal Credit Union began operations in Lawrence and Rose Marriott's dining room. In 1972, at the University's request, our name changed to Penn State Federal Credit Union and operations moved to campus. The Credit Union has had several offices on campus and is currently located in the HUB. In 1992 our North Atherton location opened and our Bellefonte location was opened on the Benner Pike in 2009.

## How to join a Credit Union...

Credit unions are for everyone, but due to regulations some limits apply to whom they can serve. A credit union's charter defines its "field of membership," which could be an employer, church, school or community. Anyone working for an employer that is affiliated with a credit union, for example, is eligible to join that credit union.

Penn State Federal's core field of membership is Penn State University faculty, employees, students, retirees and their immediate family members. We also offer membership to many local businesses and organizations, for a full list of select employer groups (SEGs) in Penn State Federal's field of membership, visit our website at [www.PennStateFederal.com](http://www.PennStateFederal.com).

## Our Mission

Members helping members everyday in the ordinary and extraordinary moments of their lives.





# Penn State Federal Credit Union

## Our Members...

are also owners, helping each other offer lower interest rates and other competitively priced financial services. Becoming a part of Penn State Federal Credit Union means you may take advantage of all the benefits of membership for as long as you keep your account open. Once you are a Penn State Federal Credit Union Member, you are ALWAYS a member.

## Locations and Hours

1937 North Atherton Street  
State College, PA 16803  
Monday - Friday 9am to 4pm  
Loan, Teller and Member Services available

LL009 HUB Robeson Center  
University Park, PA 16802  
Monday -Friday 9am to 4pm  
Loan, Teller and Member Services available

123 Amberleigh Lane  
Bellefonte, PA 16823  
Monday - Friday 9am to 4pm  
Loan, Teller, Administration and Member Services available



# Accounts

## Savings

Share Savings Account is a basic account at a credit union. These accounts pay interest on your savings providing a safe place for you to store cash. A share account is required for membership.

Club Accounts are interest-bearing saving accounts offered by the credit union to members looking to save for a particular purpose, such as a holiday or vacation. A club account is funded by the member when it is opened, and typically remains open for one year.

Our Share and Club Saving Accounts:




-  Basic Share Savings
-  Money Market Share Account
-  Vacation Club
-  Holiday Club
-  Kids Club
-  Teen Club

*Share and club accounts each have individual guidelines like balance requirements, account access, dividends earned and withdrawal fees. See our website for a full details on all accounts, fees and rates.*

## Checking

Share Draft is a type of draft, which credit unions use, as a way to access funds in individual accounts. Share draft accounts at credit unions are the equivalent of personal checking accounts at banks.

Our Share Draft or Checking accounts:

-  Freedom Checking
-  Thrift Checking
-  Premier Checking

*Share draft accounts also each have individual guidelines like minimum balance, ATM or debit card usage, or monthly service fees. See our website for full details on all accounts, fees and rates.*



# Account Access

## Account Access options with key features and limits on Penn State Federal Accounts

### ATM Card

Unlimited surcharge free access at Penn State Federal & CU\$ ATMs, 24/7 access, \$300 daily withdrawal limit.

### Visa® Debit Card

Make purchases from your checking account everywhere Visa is accepted.

### Penny Online

Free online account access, available 24/7 to check balances, view history, make transfers and payments.

### Penny Bill Pay

Allows you to pay all your bills online anytime. Set up recurring or one-time payments, get free check copies, pay bills each month and it's free with our Freedom Checking (all other checking accounts have a service fee).

### Penny Mobile

Our free mobile app is available for Android and Apple iOS devices only. Check balances, view transaction history, transfer funds between accounts, make loan payments, locate branches and ATMs and make check deposits.

### Penny Mobile Deposit

Allows you to deposit checks to your savings or checking account from your mobile device with our Penny Mobile App downloaded from Google Play or the App Store.

### E-Statements

Free account statements are available securely through Penny Online each month. Once signed up for E-statements you will need to keep your email address up to date and you will no longer receive a mailed statement.

*Products and Services listed above all have guidelines specific to them and the accounts they are affiliated with.*





# Accounts

## Loans

Penn State Federal offers loans for almost anything! Check our website for the interest rate and terms affiliated with the loan type.

- Car Loans
- Home Loans
- Credit Lines
- Personal Loans
- Business Loans
- Visa Platinum Rewards Credit Card

## Other products/services available

- Share Certificates
- IRAs - Individual Retirement Accounts
- Notary Services
- Travelers Checks
- Money Orders
- Free Financial Education Seminars
- Business Accounts
- Mobile Banking







# CO-OP Shared Branch

## CO-OP Shared Branch

You have access to your credit union account at thousands of credit union offices nationwide that share transaction services through the CO-OP Shared Branch Network. The CO-OP Shared Branch allows you to experience the same high quality personal service you have come to expect from Penn State Federal, whether the office is across town or across country.

To find a Shared Branch location, visit their online directory at [www.co-opsharedbranch.org](http://www.co-opsharedbranch.org) or call 1-800-919-CUSC (2872).

When visiting a shared branch, simply provide the teller with the full name of your credit union, account number and a photo ID card. The shared branch member service representative will access your account at Penn State Federal, and you can make deposits, withdrawals, transfers, or loan payments.

The CO-OP Shared Branch is perfect when traveling. If you are relocating, there is no need to leave Penn State Federal.





# Glossary

## Glossary of Terms

**Annual Percentage Yield (APY)** - The percentage, required by Truth in Savings regulations, to be disclosed on interest-bearing deposit accounts that reflect the total interest to be earned on an institution's compounding method, assuming funds remain in the account for a 365-day year.

**ATM (Automated Teller Machine)** - A terminal activated by a magnetically encoded card that allows customers of a financial institution to conduct transactions such as deposits and withdrawals. An interconnection of these terminals allows customers to conduct certain transactions nation or world wide.

**ATM Surcharge** - Fee charged to use an ATM owned by an institution that isn't the cardholder's primary institution. If you use your Penn State Federal card at another financial institution, you may be subject to this fee.

**Board of Directors** - Group of volunteers charged with providing the general direction and control of the credit union. Officers of the credit union (Chairman, Vice Chairman, etc.) are selected by the Board.

**Debit Card** (also known as a bank card, plastic card or check card) is a plastic payment card that can be used instead of cash when making purchases. It is similar to a credit card, but unlike a credit card, the money comes directly from the user's financial institutions account when performing a transaction.

**Dividend** - Distribution of earnings to shareholders. In credit unions, it's the money paid to members for deposits, similar to the interest banks pay to their customers for deposits.

**E-statement** - A detailed electronic record of transactions incurred in a member's account for a certain period of time (usually monthly or quarterly).

**Home Banking** is the practice of conducting banking transactions from home rather than at branch locations.

**Joint Account** - An account owned by two or more persons who share equally in the rights and liabilities of the account.

**Mobile Banking** refers to the use of a smartphone or other cellular device to perform online banking tasks while away from your home computer, such as monitoring account balances, transferring funds between accounts, bill payment and locating an ATM.

**Mobile Deposit** is a service that allows you to deposit checks to your savings or checking account from your mobile device with a mobile App.

**NCUA (National Credit Union Association)** - Created in 1970 to charter and supervise federal credit unions.

**PIN (Personal Identification Number)** - A confidential personal identification code, usually consisting of four to six digits, used by members to access their accounts at ATMs.

**Share Account** - a regular or special savings account that isn't a share certificate account.

**Thrift** is the quality of using money and other resources carefully and not wastefully.