

state employees' credit union

a summary of SECU services & NCUA insurance coverage



State Employees' Credit Union



WHAT IS A CREDIT UNION?

A credit union is a financial cooperative owned by its members who share a common bond of employment, residence and/or association. Credit unions were established in the late 1800s for the purpose of:

- encouraging thrift
- creating a source of credit at a fair, reasonable cost
- providing an opportunity for members to use and control their own money to improve their economic and social condition

Because the members are the owners and there are no stockholders to whom profits must be paid, a lower cost on financial services can be maintained. Also, by collectively pooling their resources, members can make low cost loans available to each other for varied purposes. Unlike profit-oriented institutions, SECU's **only** purpose is to serve its members. It does not serve the general public.

STATE EMPLOYEES' CREDIT UNION

State Employees' Credit Union (SECU) was organized on June 4, 1937 in Raleigh, North Carolina. Beginning with \$437 and 17 original members, SECU is now the largest credit union in North Carolina and the second largest in the United States. Our members have access to a network of more than 235 branches that stretches from Murphy to Manteo augmented by ATMs in all 100 counties, 24/7 Contact Centers*, Mobile Access and a website—www.ncsecu.org. SECU is chartered by the State of North Carolina and regulated by the Division of Credit Unions, N.C. Department of Commerce. SECU's field of membership (individuals who are eligible to join) includes:

- State of North Carolina employees
- public school employees
- retirees from state employment or the public school systems
- employees in county departments of Health, Mental Health, Social Services or Civil Defense

* SECU Contact Centers are closed on Christmas day and Thanksgiving day.

- all members of the North Carolina National Guard
- immediate family (spouse, parents, siblings and children)
- those sharing a single economic unit with current members

MEMBERSHIP

As a member of SECU, you are afforded opportunities that very few financial organizations provide their customers. You are encouraged to voice any concerns or questions about SECU operations and services. Whether you direct your thoughts to an SECU branch employee, a member of the administrative staff, a local Advisory Board member or a member of the Board of Directors, your input is welcome. Some of the services that have been suggested by members include federal deposit insurance (NCUA), lower minimum deposit requirements for share term certificates and money market share accounts and longer term financing for new automobiles.

You become a member of SECU by opening a share account with a deposit of at least \$25. Deposits are divided into shares with a par value of \$5 each. Therefore, at least five shares must be purchased initially to obtain membership. Only one share is required for initial membership for children under 13 years of age. After joining SECU, you may retain your membership as long as you like, even if your employment or residence changes. You need only keep at least \$25 (five shares) in your share account.

OWNERSHIP

SECU is owned and operated by the members for their own benefit. "People Helping People" is a unique principle adopted by SECU members. Regardless of share account balances, each member is entitled to one vote in the affairs of SECU. Few financial institutions offer their depositors this type of democratic control.

UNIQUE

Unlike profit-oriented institutions that seek to maximize investment returns for their stockholders, SECU's primary objective is to provide fair, convenient, low-cost services to members. Because SECU members share a common bond, financial needs and goals tend to be similar. Since the governing body—the democratically elected Board of Directors—is made up of individuals who share the common bond, the decisions of the Board reflect quite closely the interests of the membership. Pooled resources from members and a cooperative effort make it possible to provide low loan rates and high savings rates.

MANAGEMENT

The general policies and rules of operation for the Credit Union are set by a Board of Directors elected from the membership at the annual meeting held in October. All members are invited to attend. The Board elects a Chairman, Vice Chairman and Secretary/Treasurer from its own members. The President of SECU and members of the Loan Review Committee are appointed by the Board. The Board also appoints Advisory Boards to assist in the management of each branch. All Directors, Board members and Committee members are volunteers who contribute their time and effort without compensation.

MEMBER PRIVACY POLICY

At State Employees' Credit Union, we keep financial information about our members secure and confidential. Your financial information is just that—yours!

State Employees' Credit Union will **not** share your personal financial information except as needed to provide services **you** request.

SECU will never sell your financial information to anyone for any reason. That's not the way we do business; that's not the way you want us to do business.

COLLECTING INFORMATION

SECU collects and maintains only information we must have to provide you with requested services. When you become a member, open new accounts or apply for additional services, we collect information orally or in writing, such as your name, address and Social Security number.

If you apply for a loan or credit card, we collect the following non-public information:

- information about your transactions with us or others, such as payment history and credit card usage
- information we receive from a consumer reporting agency, such as your credit history
- information obtained from current and past employers or other institutions where you conduct financial transactions when we verify data you provide

DISCLOSING FINANCIAL INFORMATION

To provide you with competitive financial products and superior service, we share information within SECU and give information on a limited basis to our external service providers who help us deliver products such as printed checks, debit/credit cards and life insurance.

Credit union employees have access to your financial information in order to:

- complete your transactions
- maintain your accounts
- provide services you request

Employees of our service providers have access only to the limited information they need. For instance, when you request that checks be printed, we give the printer the information on your check reorder form. We do not give this provider information about your account balance or transactions.

We hold service providers to the same standards of confidentiality and privacy we follow. Each company must agree, in writing, to keep your financial information private.

Occasionally SECU may be required by law to disclose non-public personal information for governmental or judicial purposes.

If you terminate your membership with SECU, we will continue to protect your financial privacy and not share your information, except as required by law or as needed to finalize our service to you.

We may report information about your account to credit bureaus. Late payments, missed payments or other defaults on your account may be reflected on your credit report.

HOW WE PROTECT YOUR INFORMATION

We know how important the safeguarding of personal information is to our members, and we share your concerns. You have entrusted us with meeting your financial needs, and we recognize that a critical part of that role is respecting and preserving your financial privacy. We require all employees to actively safeguard member privacy and confidentiality. We also have adopted physical, electronic and procedural safeguards that comply with federal regulations and industry standards to protect your non-public personal information.

If you have any questions concerning our privacy commitment or any other policy of the Credit Union, please contact your local branch or the Contact Center at 1-**888**-732-8562.

ACCOUNT SERVICES

State Employees' Credit Union offers a wide range of accounts to meet members' needs. Statements are provided monthly on all accounts. For visually impaired members, Braille statements are available for all account types. Large print statements are available for checking and money market accounts only. With the exception of share term certificates, holiday cash club, summer cash, bridge and Cash Points Global accounts, dividends are compounded daily and paid monthly, and the dividend rate is subject to change daily.

Share Account – A share (savings) account is a membership account which requires a minimum \$25 balance. Deposits and withdrawals may be made in any amount. There is no service charge for accounts that maintain a balance of at least \$25. If the balance is below \$25 on the statement cut off date, a \$1 fee will be assessed on the account.

Checking Account – An SECU checking account has no minimum balance requirement and the maintenance fee is only \$1 per month.* There is a maximum of 50 checks per statement period to avoid a fee of \$.20 for each check over 50.

** Deferred to the SECU Foundation.*

Cash Points Global Account – An SECU Cash Points Global account has no minimum balance requirement and the maintenance fee is only \$1 per month.* There are an unlimited number of withdrawals and deposits during a statement period. A Cash Points Global Visa Debit card is issued with every Cash Points Global account. Checks and Automated Clearing House (ACH) debits are not permitted.

** Deferred to the SECU Foundation.*

Money Market Share Account – The money market share account offers the benefit of a money market dividend rate and ease of access. The minimum deposit requirement is \$250. No service fee is charged as long as the balance is \$250 or more.

Bridge Share Account – The Bridge Share account is used to promote the value of saving. It is designed to introduce members to the stock market through a federally insured account. The account earns simple interest, compounded quarterly. Dividends will be calculated and paid in arrears on the first business day following a calendar quarter end. The rate is based on the return of the Standard and Poor's 500 Index® for the previous quarter. The maximum quarterly return is 3% (12% APR/12.55% APY). If the S&P 500 Index® has a negative change, then the account will earn no interest for that quarter. The minimum deposit requirement is \$25 and the maximum account balance is \$3,000. There is no service charge for this type of account.

Holiday Cash Club Account – This account is designed to save for holiday needs, such as gift purchases and travel expenses. Save money throughout the year and the balance is transferred to an SECU deposit account of choice on the last business day in October. Dividends are compounded daily, paid on the last business day of October and also transferred to an SECU account of choice.

Summer Cash Account – SECU offers a Summer Cash account for members who are paid 9, 10 or 11 months per year. This account is for saving money from each paycheck during the year for use during the months a paycheck is not received. The interest rate is set on August 1st of each year. Interest is compounded daily and paid annually, either in July or August. The balance of the account is divided proportionally and transferred to the SECU deposit account of choice during the months a paycheck is not received.

Salary Advance Cash Account – SECU created the Salary Advance Cash account for members who use the Salary Advance Loan program. The account helps establish a savings plan. Each time a member requests a salary advance, the Credit Union deposits a percentage of the loan amount into the Salary Advance Cash account. When members have accumulated enough money in the account, a withdrawal from this account can be made instead of getting a salary advance loan and paying interest charges.

Fat Cat® Youth Account – SECU offers a savings account designed specifically for children. The purpose of the FAT CAT program is to teach children how to save and make it exciting and fun. FAT CAT share accounts are available to children age 12 and under who are SECU members or are eligible for membership. The account must be joint with a parent or other responsible adult eligible for an account. It can be opened with a minimum deposit of \$5. Once the balance reaches \$25, this balance must be maintained. Withdrawals are allowed when the balance exceeds \$25. There's even a FAT CAT website, www.cufatcats.org.

Zard® Teen Program – Picking up where FAT CAT leaves off, the Zard program prepares teens 13-19 for more financial responsibility through Z-Shares, checking, Visa Check or Cash Points cards and a Zard website, www.teenzard.org. The minimum balance is \$25. There is no service charge for accounts that maintain a balance of at least \$25. If the balance is below \$25 on the statement cut off date, a \$1 fee will be assessed on the account.

Off To College/Off To Work Program – This program targets young adults who are just beginning college or entering the work force. Young adults are introduced to more deposit accounts such as money market shares, share term certificates and IRAs. Loans, insurance and investing are also introduced in this program.

Share Term Certificates – Except for the Mortgage Loan Share Term Certificate (STC), SECU share term certificates may be issued for \$250 or more with a term of 6, 12, 18, 24, 30, 36, 48 or 60 months. The interest rate is fixed for the duration of the period. Interest accrues daily but is not compounded.

Mortgage Loan STCs – The Mortgage Loan STC provides a savings component for the future benefit of the member. It is a 120-month STC that is tied to the 15-year fixed rate AllSavers Mortgage Loan with SECU. The STC must be issued for 10% of the original loan amount. The interest rate of the STC will equal the loan rate. Simple interest will be calculated daily and compounded monthly, and will be added back to the principal of the STC. The STC will serve

as collateral for the loan in addition to the real property and may not be cancelled. The STC will be cancelled without penalty when the AllSavers Mortgage Loan balance is less than the principal of the STC.

Traditional Individual Retirement Account – SECU's Traditional IRA is a retirement savings plan that allows members to make tax-deductible contributions if they fall within certain guidelines. Dividends are tax-deferred until withdrawn.

Roth Individual Retirement Account – The Roth IRA is a retirement vehicle. Contributions are not tax-deductible, but earnings are not taxed while in the account and are tax-free when withdrawn if certain requirements are met.

Coverdell Education Savings Account – The Coverdell Education Savings account allows taxpayers to save for a minor's elementary, secondary and higher education expenses. Contributions are not tax-deductible, but earnings are not taxed while in the account and are tax-free when withdrawn if certain requirements are met. Contributions can be made on the child's behalf until the minor reaches age 18 (exception for special needs).

Simplified Employee Pension Individual Retirement Account (SEP-IRA) – Self-employed individuals and small businesses may establish a SEP-IRA. The employer makes tax-deductible contributions for each eligible employee, up to the limits allowed by law. Employees are eligible to make contributions to a Traditional and/or Roth IRA in addition to contributions made on their behalf to the SEP-IRA.

Health Savings Account (HSA) – An HSA is a tax-exempt savings account designed to save money for qualified medical expenses for the account owner, spouse and dependent children. In order to be eligible for an HSA, the owner must have a High Deductible Health Plan (HDHP) which is a medical health insurance policy with a minimum annual deductible for individual or family coverage and an annual maximum out-of-pocket expense cap for coverage selected that cannot be exceeded. First dollar medical expenses are not covered, except preventive care.

Distributions are tax-free if taken for “qualified medical expenses” of the account owner, spouse and dependents, even if the family members are not covered.

LOAN SERVICES

State Employees’ Credit Union is dedicated to providing competitively-priced loan services and seeks to meet members’ needs for many worthwhile purposes.

New Vehicle Loans – SECU offers financing on new vehicles for a term of up to 72 months. Prior, current or upcoming year models with 10,000 or fewer miles qualify for new car interest rates. Chrome Carbook, a consumer information service, is offered by SECU online at www.ncsecu.org to provide helpful facts when shopping for a new vehicle.

Used Vehicle Loans – Used vehicles may be financed for 72 months. Chrome Carbook also provides used vehicle retail and wholesale values for comparison when shopping for a used vehicle.

Green Vehicle Loans – The Credit Union offers a Green Vehicle loan for new and used vehicles that have a combined “miles per gallon” rating of 28 mpg as determined by the U.S. Department of Energy and published at www.fueleconomy.gov. Vehicles that qualify as “green” will receive a lower interest rate than current new or used vehicle loan rates.

Guaranteed Asset Protection (GAP) – GAP coverage is available on new and used vehicle loans at the time of loan origination for a flat fee of \$135. GAP is a debt cancellation product which covers the difference between the insurance settlement amount and the outstanding loan balance if the vehicle is involved in a total loss insurance claim.

Motorcycles & Boats – Loans for these vehicles are also available through SECU. New boats or motorcycles may be financed up to 72 months. Used boats and motorcycles less than six years old may be financed up to 60 months. Older boats and motorcycles may be financed up to 48 months.

Recreational Vehicles – SECU offers financing on motorhomes, fifth wheels, travel trailers and pop-up/fold-down campers. New motorhomes, travel trailers and fifth wheels may be financed up to 120 months. New pop-up/fold-down campers may be financed up to 72 months. Terms for used motorhomes, fifth wheels, travel trailers and pop-up/fold-down campers vary by age of the vehicle.

Mobility Vehicle Loans – SECU offers loans for vehicles that have been modified to assist individuals with disabilities. Modifications include items such as lift equipment and specialized hand controls. New and used mobility vehicles may be financed up to 72 months.

Courtesy Deed Of Trust – Vehicle secured and unsecured loans are available for possible interest tax deductions. Interest rates and terms are the same as new and used auto loans.

Adjustable Rate Mortgages – SECU offers a two-year Adjustable Rate Mortgage (ARM) with a maximum term of 30 years. Rate adjustments are limited to a maximum increase or decrease of 1% every two years on the anniversary date of the loan. In conjunction with the two-year ARM program, SECU offers a First Time Homebuyers Mortgage and a STAR Mortgage that provide 100% financing, plus up to \$1,000 in closing costs that may be financed in the loan amount. The First Time Homebuyers program is available to members who have not owned a home in the previous three years. The STAR Mortgage program is available to new employees of North Carolina state agencies or public schools or to existing employees who are relocating to accept new positions with the state.

A Green Mortgage is also available under the two-year ARM program that provides financing for the purchase of new homes that receive an ENERGY STAR rating.

In addition, SECU offers a five-year ARM with a maximum term of 30 years. A First Time Homebuyers Mortgage is available under the five-year ARM program that provides 100% financing, plus up to \$1,000 in closing costs that may be financed in the loan amount. Rate adjustments are

limited to a maximum increase or decrease of 1.5% every five years on the anniversary date of the loan.

Fixed-Rate Mortgages – Up to 100% financing is available for the purchase of a primary residence or to payoff existing mortgage balances plus closing costs on refinances of primary residences. Fixed rate mortgages for second homes and rental homes are not available.

SECU also offers an AllSavers Mortgage with a fixed-rate that has a maximum term of 15 years. Up to 100% financing may be provided for the purchase or refinance of a primary residence. The maximum base loan amount for a refinance loan is further limited to the payoff balances of any mortgages on the property, plus closing costs. Once the base loan amount is established, an additional 10% is financed for the set up of a share term certificate (STC) in the borrower's name. The STC earns the same rate of interest as the mortgage and serves as additional collateral on the mortgage. The STC is released to the borrower 10 years after the mortgage origination.

Reverse Mortgages – SECU offers a reverse mortgage loan that can help members "tap" the equity in their home and supplement their monthly income. A reverse mortgage is a loan against a member's residence in which the Credit Union provides cash to the borrower in the form of a fixed monthly disbursement and/or a single lump sum disbursement. All borrowers must be at least 62 years old and utilize the home as their primary residence. Borrowers can use the disbursements for a variety of purposes such as living expenses, health care expenses or home repairs. The loan amount is based on the value of the home, the life expectancy of the youngest borrower and the interest rate on the loan.

Home Equity Lines Of Credit – SECU offers a home equity line of credit to borrow against the equity in a home. It is an open-end loan that can be used over and over, for up to 15 years.

Closed-End Second Mortgage Loans – SECU offers variable-rate and fixed-rate closed-end second mortgage loans, depending on the loan amount, for a maximum term of 10 years. A Green Second Mortgage is also available for home improvements related to energy efficiency.

Construction Loans – For primary residences and second homes, SECU offers construction/permanent financing which features one closing, low closing costs and competitive rates. Contact a loan officer for details before beginning construction.

Unimproved Property Loans – SECU will finance unimproved property intended to be a future homesite. The collateral for the closed-end fixed rate loan may be up to 10 acres or two adjacent building lots.

Credit Cards – Visa provides worldwide acceptance, 24-hour cash advances (through Cash Points and Visa/PLUS ATMs), checking overdraft protection and security.

Personal Loans – SECU offers unsecured personal loans for such purposes as making home improvements, buying furniture, taking a vacation, salary advances, etc.

Student Loans – The U.S. Department of Education is the single source for federal education loans and makes loans available to students and parents through the William D. Ford Federal Direct Loan Program. Direct Loans may be used at any in-state or out-of-state college or university that is eligible to participate in the federal loan program. More information on these loans is available at the USDE information site, "Student Aid On The Web" (studentaid.ed.gov).

Additional information on the financial aid process, completion of the Free Application for Federal Student Aid (FAFSA), and the many ways to pay for college is available through College Foundation. Our website, www.ncsecu.org, will link you to College Foundation at www.cfnc.org to view campus tours of North Carolina universities, colleges and community colleges, as well as online admission information.

Computer Loans – Loans for personal computers are available through SECU. Computers may be financed for up to 36 months with a maximum loan amount of \$3,500.

CONVENIENT ACCESS

Branch Offices – Branch offices are located statewide to provide convenient access to Credit Union services. Branch office hours are 8:30 a.m. to 5:30 p.m. Monday through Friday.

Automated Teller Machines – Cash Points ATMs allow members to make withdrawals, deposits, transfers and payments virtually 24 hours a day. The Visa/PLUS Network allows worldwide access to member accounts. Cash Points ATMs are also equipped with voice guidance technology to assist visually impaired members.

Voice Response – ASK SECU Voice Response Service allows members to use a touch tone telephone to access information on accounts as well as transfer funds between accounts. Information is also available regarding ATM locations and current interest rates. The ASK SECU Voice Response Service can be reached at 1-800-ASK SECU or locally at 919-839-5400.

Contact Center – All Credit Union services are available via the Contact Center at 1-**888**-732-8562, or locally in the Raleigh area at 919-857-2150. The Contact Center is closed on Thanksgiving Day and Christmas Day.

Debit Cards – An SECU Visa Debit card allows members to make purchases at any merchant that accepts Visa Debit cards. A member's primary checking account or Cash Points Global account will be debited immediately. SECU Debit cards can also be used to perform transactions at any Cash Points or Visa/PLUS ATM.

Direct Deposit – Paychecks can automatically be deposited to a Credit Union account with direct deposit.

Payroll Deduction – Payroll deduction allows members to allocate funds from their paycheck to the SECU account(s) of their choice.

Website – SECU's website, www.ncsecu.org, has information about all SECU products and services. The secure Member Access area allows members to obtain balances and account history, to view checks and monthly statements online and to transfer funds between Credit Union accounts. Members can apply for accounts and loans, order checks and request other services online. Chrome Carbook and financial calculators are available as well. SECU also offers mobile access to its website at m.ncsecu.org using a web-enabled phone or mobile device.

BillPay Service – Sign up for BillPay through Member Access via SECU's website. BillPay allows members to pay bills conveniently and safely from a home or office computer.

Visa Gift Cards – SECU Visa Gift Cards are available in all SECU branches, and can be purchased in amounts ranging from \$20 to \$500 at a cost of just \$1 per card. Members can also order gift cards online through the secure Member Access section of www.ncsecu.org. The fee for issuance and handling of each online card purchase is \$2.50. SECU Visa Gift Cards can be used nearly anywhere Visa cards are accepted.

SPECIAL SERVICES

Balance – Today, with more financial obligations and options than ever before, money management may seem difficult and confusing. That is why State Employees' Credit Union has partnered with BALANCE, a financial fitness program, to help balance life's financial demands. By contacting BALANCE, SECU members can obtain information and advice on money management planning, financial counseling, saving and spending plans, budgeting and debt management services.

BALANCE is a wholly owned subsidiary of the Consumer Credit Counseling Service of San Francisco.

Car Buying Service – The Credit Union’s Car Buying Service is a convenient alternative to shopping for and negotiating a car deal. Using the Auto Center in the Member Access area of SECU’s website, members can choose a vehicle and all desired options, including color. Once a selection is made, SECU will work with our Dealer Network to locate the car and negotiate the deal. This program is limited to new car purchases only.

CARFAX Vehicle History Reports – CARFAX is the leading provider of vehicle history information. For a nominal fee the Credit Union can provide members with a detailed CARFAX® Vehicle History Report™ on a vehicle being considered for purchase. The report includes details on the vehicle’s history such as number of owners, title status (states if the vehicle has been salvaged, has fire/flood damage or is a lemon) and checks for accidents, manufacturer recalls, frame damage, etc.

Golden Circle Club – Golden Circle is a package of services available to members age 50 and over. Benefits include free checks, free cashier’s checks, free domestic wire transfers and other services.

Investment Advisory Services – Investment advisory services* are offered to members through Credit Union Investment Services (CUIS), a subsidiary of SECU that is a North Carolina Registered Investment Advisor. CUIS Investment Representatives recommend low-cost, diversified mutual funds to help members achieve long-term financial goals. Mutual funds provide the potential for higher returns than deposit accounts and can be more effective at outpacing inflation over time. Members may also purchase stocks, bonds and/or mutual funds on a non-recommended basis.

Investment Representatives of Credit Union Investment Services are also salaried employees of the Credit Union. The Representatives do not receive any commissions and can be trusted to provide unbiased advice and suitable recommendations for a member’s particular situation and goals.

Investment Representatives can assist interested members who:

- Are North Carolina residents;
- Have at least \$1,000 to invest in securities;
- Have at least 5 years until the money will be needed; and
- Have an email address and are willing to accept electronic delivery of account documents (statements, confirmations, etc.)

** Investment advisory services offered through Credit Union Investment Services. Securities offered through SECU Brokerage Services. Member FINRA, SIPC. Securities products are not Credit Union deposits. They are not obligations of or guaranteed by a Credit Union or its affiliates. They are not insured by the NCUA or any federal government agency. Securities products involve investment risks, including possible loss of principal. Investment representatives are also Credit Union employees, who may accept deposits.*

Life Insurance – Competitive term life insurance is available through the Credit Union with level premiums at a fixed rate for the term selected. Members can contact their local branch or call Insurance Services at 1-888-856-2350 or locally in Raleigh at (919) 857-2058 for details.

Long Term Care Insurance – Access to competitive long term care insurance is available through the Credit Union at special member discounted rates. Contact Insurance Services for details.

Auto/Homeowners Insurance – The Credit Union has partnered with AAA Insurance to provide these competitive insurance products along with other personal lines. Contact Insurance Services or a local branch for more details.

Credit Insurance – Credit life and credit disability insurance is available on personal loans, vehicle loans and home equity loans at the time of loan origination for added loan protection under a group policy. This optional coverage has monthly renewable premiums which are charged to the outstanding loan balance.

Health Insurance – Individual health insurance products are available through the Credit Union including a PPO health plan, a high deductible health plan which can be paired with a tax-advantaged Health Savings Account and dental insurance. Also, Medicare supplement and prescription drug plans for seniors are available. Contact Insurance Services for details.

Notary Services – Notary service is available at all branch offices and provided at no cost to SECU members.

Cashier's Checks – Cashier's checks are available when certified or guaranteed funds are needed.

Safe Deposit Box – Safe deposit boxes are available in a variety of sizes. Private facilities are provided when members wish to inspect, remove or add to the contents. Annual fees start at \$20 and are subject to change annually. Renewal fees are conveniently charged to a member's checking, money market or share account. Not all sizes are available at every branch.

Strict control procedures are in place to assure access is allowed only to authorized persons. Only the owner or others designated by the owners will know the contents of a safe deposit box. In fact, it takes both the branch's key and the owner's to open the box. The Credit Union does not have access to or knowledge of the contents in a safe deposit box. SECU does not insure the contents, so members should obtain insurance for stored valuables.

Signature Guarantee – Signature Guarantee services are available to the membership free of charge at all branch locations. A Signature Guarantee is sometimes required for the transfer of securities such as those involving the sale or redemption of stocks or bonds.

Tax Preparation Services – SECU offers two basic tax preparation options for qualified members:

Volunteer Income Tax Assistance (VITA): VITA is a free IRS sponsored program available to help taxpayers with low-to-moderate income complete and electronically file

basic tax returns. SECU has partnered with the IRS to offer free tax preparation for qualified members through the VITA program.

Low Cost Tax Preparation*: This low cost alternative for basic tax preparation is available for members with basic tax preparation needs, but whose income exceeds the VITA threshold.

For more information, contact a local branch and ask to speak with an SECU tax preparer to discuss income limits and additional qualification details.

** SECU's Low Cost Tax Preparation service is NOT affiliated with the IRS VITA program.*

Trust Services – Trust Services* are offered to members through MEMBERS Trust Company (MTC), a federal thrift chartered by the Office of Thrift Supervision. Trust Representatives are located throughout SECU's branch network and assist interested members with questions about trusts and estate planning.

MTC has been offering an array of trust and estate management services to Credit Union members since 1987. In its role as Corporate Fiduciary, MTC provides professional management expertise to effectively administer trusts and estates. Trust Representatives are salaried employees of the Credit Union and do not receive a commission for their service. For more information about trust services or estate planning, please contact a local branch office and ask to speak to a Trust Representative.

** Trust products are not Credit Union deposits, are not insured by the NCUA or any federal government agency, are not obligations of or guaranteed by the Credit Union or any affiliated entity, and involve investment risks, including the possible loss of principal. Trust Representatives do not prepare estate planning documents or provide tax planning advice. For document preparation services and/or tax planning advice, please consult your attorney and/or tax professional.*

Estate Planning Essentials Program* – This program allows members to meet with participating attorneys and have estate planning documents prepared at a predetermined price. The program is available for members whose estate planning needs are not complex.

The documents that may be included in the program are the following for each member:

- Will that may include trust provisions**
- Durable Power of Attorney (POA)
- Healthcare Power of Attorney (HPOA) and Living Will
- HIPAA Authorization

** Members have the opportunity to utilize SECU Trust Services through MEMBERS Trust Company to manage trust assets and oversee the distributions on behalf of beneficiaries. At a low-cost, annual fee of .60% and minimum account opening balance of \$100,000, these services are available to most SECU members.

Members who require complex planning can work with an SECU Trust Representative and a local attorney of the members' choice to help address estate planning needs. For more information, contact a local branch and ask to speak to an SECU Trust Representative.

** Attorneys participating in the Estate Planning Essentials Program are not employees or agents of the Credit Union (SECU) or its affiliates. SECU Trust Representatives are not employees or agents of the participating attorneys. The Credit Union is not providing legal services and is not responsible for the services provided by these independent professionals. The Estate Planning Essentials Program is an optional program for members. Credit Union members have the option to use any attorney participating in the program or to select their own attorney.*

U.S. Savings Bonds – Educational benefits are available through the purchase of U.S. Savings Bonds. SECU sells and redeems Series EE and Series I bonds in amounts ranging from \$50 to \$10,000.

Wire Transfers – SECU offers domestic and international wire transfer service in order to accommodate urgent cash transfer needs of the membership. There is a nominal fee for the wire transfer service.

SAFETY

The Credit Union has a strong commitment to the protection of member deposits. Each employee of the Credit Union is adequately bonded to protect the members' interest. Property insurance is maintained to guard against losses by fire and theft. As required by law, annual reserves are set aside for additional protection. State Employees' Credit Union is subject to audits from four sources: The Credit Union Division of the NC Department of Commerce, Internal Audit staff, an outside CPA auditing firm and the National Credit Union Administration (NCUA).

NCUA – In addition to auditing the Credit Union, NCUA also allows members "peace of mind" in the knowledge that deposits are safe. The **National Credit Union Share Insurance Fund** (NCUSIF) of the NCUA insures member deposits up to \$250,000 (and more, through multiple account ownership). The Dodd-Frank Wall Street Reform and Consumer Protection Act, which was signed into law on Wednesday, July 21, 2010, made permanent the temporary increase of federal deposit insurance coverage from \$100,000 to \$250,000. The increase was previously set to expire on December 31, 2013.

This insurance coverage is automatic and is provided at no additional member cost. Insurance coverage by NCUA is provided on all types of deposit accounts.

What is NCUA?

NCUA is an independent United States Government agency that insures the deposits of credit union members nationwide. NCUA examines, supervises and insures both federally chartered and qualifying state chartered credit unions. NCUA is managed by the National Credit Union Administration Board (NCUA Board). As a component of NCUA, the National Credit Union Share Insurance Fund (NCUSIF), was established by Congress on October 19, 1970, to insure member accounts. NCUSIF is also managed by the NCUA Board.

What is the basic NCUA insurance coverage?

The basic insured amount for a credit union member is \$250,000. Accounts maintained in different rights, capacities or forms of ownership may each be insured to \$250,000.

What types of accounts are insured?

All types of member accounts are insured, including IRAs, shares, share term certificates, money market share accounts, checking accounts and Cash Points Global accounts.

Is there a fee for obtaining federal insurance?

No. Members of an insured credit union do not pay directly for share insurance protection. Credit unions invest with NCUSIF based on the total amount of insured account balances. Each credit union is required to maintain 1% of its insured shares in the Fund. The NCUSIF ratio of equity to insured shares and deposits is between 1.22% and 1.30%.

If a member has more than one individual account in the Credit Union, is each account insured to \$250,000?

No. Individual accounts held by the same member are added together and are insured up to \$250,000.

If two or more people, such as a husband and wife, have a joint account, as well as their own individual accounts, is each account separately insured?

Yes. A person's interest in joint accounts is insured separately from individual accounts up to \$250,000. However, the insurance protection on joint accounts is not increased by rearranging the names of the owners, changing the style of names or by establishing more than one joint account for the same combination of owners.

If a member has an individual account and an account which lists a payable on death beneficiary, are both accounts insured separately?

Yes. Effective October 3, 2008, NCUA amended the share insurance rules for revocable trust accounts in order to make the rules easier to understand. The amendments have eliminated the "qualifying beneficiary" requirement for revocable trust accounts. Therefore, revocable trust accounts with five or fewer beneficiaries are insured for the owner up to \$250,000 per beneficiary without regard to each beneficiary's proportional interest. Revocable trust accounts with six or more beneficiaries are insured up to the greater of \$1,250,000 total or the aggregate amount of all beneficiaries' interests, limited to \$250,000 per beneficiary. The funds in such accounts are insured separately from any other individual accounts of the owner.

How does NCUA insurance protect the Credit Union member against loss?

Each credit union approved for NCUA insurance must meet high standards of safety and soundness in its operations. Adherence to these standards is determined regularly through credit union examinations by federal and state examiners. If an insured credit union gets into financial difficulties, NCUA acts immediately to protect each member's share account.

If a person has an interest in more than one joint account, what is the extent of the insurance coverage?

A person holding an interest in more than one joint account may receive a maximum of \$250,000 insurance coverage on the total interest in those joint accounts.

What insurance coverage is provided for IRAs?

IRAs are insured separately to \$250,000 from other accounts that the member maintains at the Credit Union. However, a Roth IRA will be added to a Traditional IRA and insured to a maximum of \$250,000.

What insurance coverage is provided for irrevocable trust deposit accounts?

All trust interests created by the same grantor for the same beneficiary are added together and insured up to \$250,000. This will include any beneficiary's interest in Coverdell Education Savings Accounts created by the same grantor. If each beneficiary's interest can be determined without regard to contingencies in the trust document, the irrevocable trust deposit accounts may qualify for up to \$250,000 coverage per beneficiary. Members should consult their attorney for more information about their specific trust document.

What insurance coverage is provided for Coverdell ESAs?

Coverdell Education Savings Accounts are insured as irrevocable trust accounts where any trust interest created by the same grantor for the same beneficiary will be added together and insured to a maximum of \$250,000.

What insurance coverage is provided for Health Savings Accounts?

Where the owner of a Health Savings Account has designated a natural person, charity or other non-profit organization as beneficiary, the account will be insured as a type of revocable trust account. Health Savings Accounts and revocable trust accounts with the same account owner will be added together. Owners of revocable trust accounts with five or fewer beneficiaries are insured up to \$250,000 per beneficiary without regard to each beneficiary's proportional interest. Owners of revocable trust accounts with six or more beneficiaries are insured up to the greater of \$1,250,000 total or the aggregate amount of all beneficiaries' interests, not to exceed \$250,000 per beneficiary. If a Health Savings Account does not designate a natural person, charity or other non-profit organization as the beneficiary, the funds are added to the owner's individual accounts and insured to a maximum of \$250,000.

Are accounts held by a person as executor, administrator, guardian, custodian or in some other similar fiduciary capacity, insured separately from an individual account?

Yes. If the records of the Credit Union indicate that the person is depositing the funds in a fiduciary capacity, such funds would be separately insured from the fiduciary's individually owned account. Funds in accounts held by guardians, conservators or custodians (whether court-appointed or not) are insured separately from other accounts of the ward.

When an account is designated as held by a person as agent for the owner of the funds, how is the account insured?

The account is insured as an account of the principal or true owner. The funds in the account are added to any other individual accounts owned by the true owner and the total is insured to the basic insured amount of \$250,000.

If a member has more than \$250,000 in a closed, insured credit union, does the member retain a claim against the credit union for any amount in excess of the \$250,000 insurance?

Yes. After creditors' interests have been satisfied, owners of account claims in excess of \$250,000 will share, pro rata, in the proceeds from the liquidation of the credit union's assets with NCUA.

Aside from federal deposit insurance, what measures does the Credit Union take to ensure the safety of members' money?

Safety and security are issues that go beyond deposit insurance protection. The purest measure of safety and security is the manner in which a credit union invests member savings dollars. Deposits in a credit union are invested primarily with fellow members in the form of loans.

What publications covering the operations of the NCUSIF are available?

The NCUSIF publishes an Annual and Semi-Annual Report which covers the operations of the NCUSIF. These reports are sent to each insured credit union and are also available from each Regional Director. These reports include financial statements and an independent audit of the Fund's records.

Whom should a member contact with additional questions concerning NCUA insurance?

Feel welcome to visit or call any branch office to make an inquiry about federal insurance or write to:

**State Employees' Credit Union
Post Office Box 27665
Raleigh, NC 27611**

METHODS TO MAXIMIZE COVERAGE

The following illustration shows how typical families may use multiple ownership of accounts to increase the insurance coverage for family funds, excluding IRA accounts.

Family of Two

Individual Accounts	Husband	\$250,000
	Wife	\$250,000

Joint Accounts	Husband & Wife	\$500,000
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In this example, the Husband and Wife do not have an interest in any other joint accounts. Therefore, their joint account of \$500,000 is fully insured.

Revocable Trust Accounts*

Husband, Payable on Death to Wife	\$250,000
Wife, Payable on Death to Husband	\$250,000

TOTAL \$1,500,000

Family of Three

Individual Accounts	Husband	\$250,000
	Wife	\$250,000
	Child	\$250,000

Joint Accounts	Husband and Wife	\$250,000
	Husband and Child	\$250,000
	Wife and Child	\$250,000

In this example, each co-owner has two joint accounts. Therefore, each person's total interest in all joint accounts is added together and insured up to \$250,000. The Husband is insured to \$250,000 on his two accounts with Wife and Child. The Wife is insured to \$250,000 on her two accounts with Husband and Child. The Child is insured to \$250,000 on his/her accounts with father and mother.

Revocable Trust Accounts*

Husband, Payable on Death to Wife	\$250,000
Husband, Payable on Death to Child	\$250,000
Wife, Payable on Death to Husband	\$250,000
Wife, Payable on Death to Child	\$250,000

TOTAL \$2,500,000

continues – >

Family of Four

Individual Accounts	Husband	\$250,000
	Wife	\$250,000
	Child #1	\$250,000
	Child #2	\$250,000
Joint Accounts	Husband and Wife	\$250,000
	Husband and Child #1	\$250,000
	Wife and Child #2	\$250,000
	Child #1 and Child #2	\$250,000

As in previous illustration, none of the co-owners has an interest of more than \$250,000 in all of the joint accounts, so the total amount held by each of the co-owners in all of the joint accounts is insured.

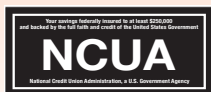
Revocable Trust Accounts*

Husband, Payable on Death to Wife	\$250,000
Husband, Payable on Death to Child #1	\$250,000
Husband, Payable on Death to Child #2	\$250,000
Wife, Payable on Death to Husband	\$250,000
Wife, Payable on Death to Child #1	\$250,000
Wife, Payable on Death to Child #2	\$250,000

TOTAL \$3,500,000

* The following are insured as Revocable Trust Accounts: Revocable Living Trust Accounts, Trustee Accounts, Payable on Death Accounts and certain Health Savings Accounts.

“Equal Opportunity/Affirmative Action Employer, M/F”



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