

## Credit Union Difference

The philosophy of "**people helping people**" sets credit unions apart from other for-profit financial institutions. Credit unions are dynamic full-service financial institutions with sophisticated delivery systems - convenient branches, no-surcharge ATMs, and electronic services such Online Banking and E-Statements. While they are comparable to banks in the types of products and services they offer, they differ drastically in how they deliver these products and services. Credit union members receive the outstanding value and service they deserve.

While credit unions and banks offer similar products and services such as checking accounts, credit cards, and mortgage loans, there are still many differences among the two types of financial institutions:

Credit Unions	Banks
Not-for-profit, member-owned financial cooperative. Makes decisions based on what is best for members. Each member is an equal owner of the credit union.	For-profit institution. Generates profits for a few stockholders. Makes decisions based on what will give stockholders more profit. If a customer doesn't own bank stock, he or she is not an owner.
Excess earnings after reserve requirements are met are applied to lower interest on loans, higher interest on savings or development of new products and services that members have requested.	Profits are paid to stockholders.
Self-governed. Each member has one vote in the election of the board of directors, regardless of how much money they have deposited in the credit union.	Only stockholders vote for the board of directors, based upon the amount of stock owned.
Volunteer board of directors who are members of the credit union and users of the credit union products and services.	Board of directors are paid. They may not be from the community and they may not even use the bank's services.
Deposits are federally insured to at least \$250,000 by the <a href="#">National Credit Union Administration</a> , a government agency. The NCUA's insurance fund is one of the healthiest of all federal deposit insurance funds.	Deposits are federally insured to at least \$250,000 by the FDIC, a government agency.

## Credit unions are good corporate citizens

- Credit unions are located within the communities they serve and are dedicated to the well-being of their members.
- Iowa credit unions, on the average, lend a higher portion of their deposits compared to for-profit financial institutions.
- As members of the local community, credit unions' volunteer boards of directors are able to ensure that the best interests of their communities are served.

- Credit unions are only able to loan money to their members — people who share a common bond within the credit union's field of membership. Credit unions' high loan-to-deposit ratios are a good indication of how involved they are within their communities.

### **Credit unions do pay taxes**

- Contrary to what is often said about their tax structure, credit unions do pay taxes.
- Iowa's state-chartered credit unions are assessed a moneys and credits tax based on reserves. Additionally, state-chartered credit unions pay sales, property and employer-related taxes.
- Federally-chartered credit unions pay property and employer-related taxes.
- Congress and the Iowa Legislature tax credit unions differently than banks because credit unions are not-for-profit, member-owned cooperatives whose only mission is to serve members.

If banks truly believe credit unions are advantaged, we welcome them to join the credit union community. However, banks would have to become not-for-profit, require their boards of directors to be volunteers and give each customer one vote in policy decisions — regardless of how much money the individual has on deposit.