



*U.S. Department of Health & Human Services*

**Administration for Children & Families**

# **Engaging Financial Institutions**

## **Integrating Financial Sustainability through Credit Union Partnerships**



# Credit Union HISTORY

- Credit Union – organization of people who unite and pool their money in order to provide each other with easy access to credit that they might not be able to obtain elsewhere.
- Credit Union Movement – movement rather than an industry because we exist for a social purpose.
- Common Bond – a unifying factor such as working for the same company, belonging to a particular church, or living in a specific community.
- Field of membership – A group of people who qualify for membership



# Credit Union IMPACT (State of Georgia)

**1.8 million**

Number of credit union members in Georgia.

**\$130 million**

The estimated annual financial benefits enjoyed in the form of lower fees and better rates on loans and savings.

**\$42.2 million**

Amount credit union members yielded in higher interest rates on savings products (compared to banks).

**\$34.3 million**

Amount credit union members saved due to fewer and lower fees (compared to banks).

**\$53.3 million**

Amount Georgia credit unions saved members due to lower average interest rates on loans (compared to bank rates).

**\$16 billion**

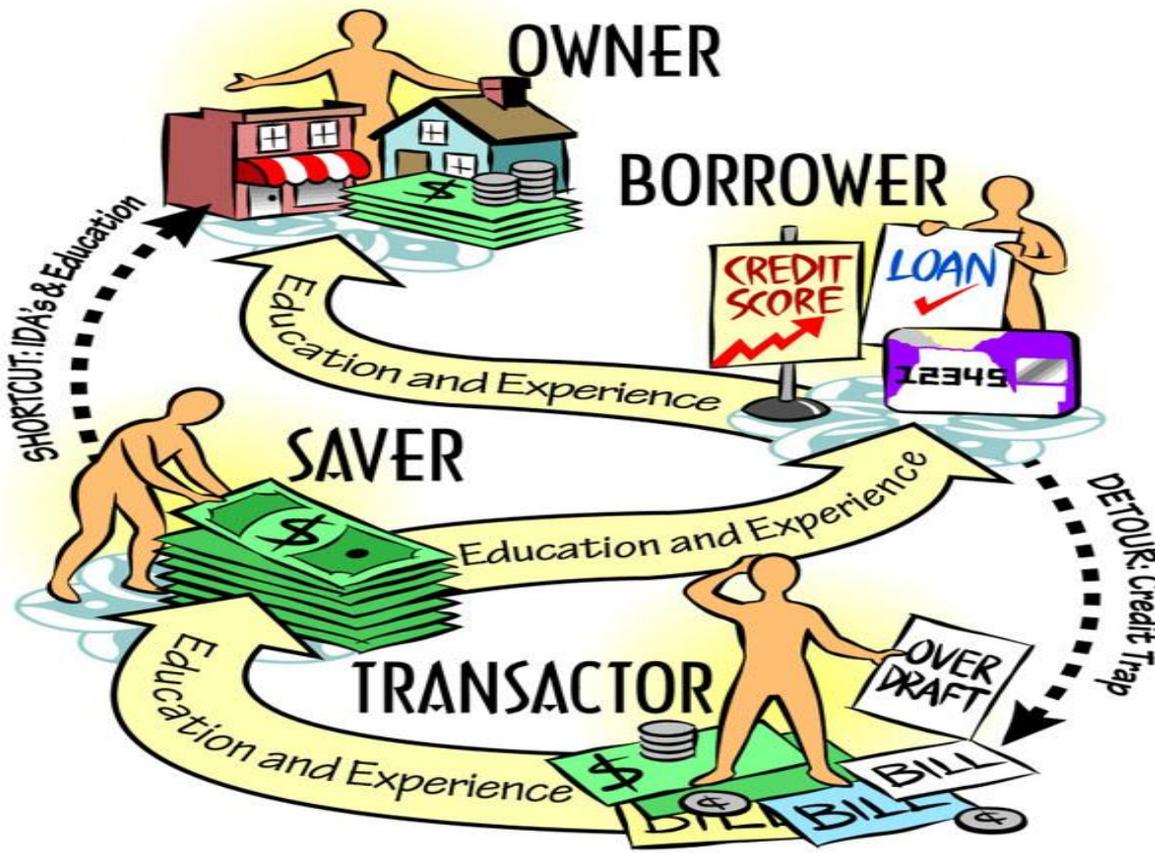
Assets at Georgia's 162 credit unions.

Source: National Credit Union Administration. Datatrac, CUNA Economics & Statistics Department (as of December 31, 2009).



## Credit Union PHILOSOPHY

Credit unions were founded on two guiding principles: “People Helping People” and “Not for profit. Not for charity. But for service.” Much like our nation, which was founded “of the people, by the people and for the people,” credit unions developed a culture of focusing on people. One of credit union’s major founding principles – “Cooperation Among Cooperatives” have afforded credit unions nationally to support the Real Solutions initiative, aimed at supporting individuals of modest and moderate means.



**The CREDIT PATH Model**  
(developed by Bill Myers, former President/CEO of Alternatives Credit Union (Ithaca, NY) and Aspen Institute Fellow)



# Credit Union CASE STUDY

## **The Center for Working Families, Inc. (an Annie E. Casey Foundation project)**

The mission of The Center for Working Families, Inc. is to ensure economic success for hard-working families and their children. The Center for Working Families, Inc. (TCWFI) is a private not for profit agency centrally located within inner City of Atlanta at the Dunbar Center, a City of Atlanta community center. They provide a combination of economic stimulus, employment, job development, work supports and asset building programs to meet the needs of families living within the six neighborhoods clustered around Atlanta's Turner Field (also known as Neighborhood Planning Unit V or NPU-V). In 2005, Credit Union of Atlanta (formerly Atlanta City Employees Credit Union) entered into a mission-related partnership to offer:

1. Access to mainstream financial services
2. Financial education classes
3. SEEDCO partnership that offers benefits screening for asset building



## Credit Union CASE STUDY (con'd)

# of Bank Accounts opened:	175
# of residents who completed financial education classes:	620
Total Amount of savings accumulated by residents:	\$79,160.43 (as of May 2010)
# of personal loans :	8 (totaling \$8,658.17)
# of auto loans:	10 (totaling \$99,527.39)

Included are two new products and services:

**Opportunity Checking** – Created for participants that have been reported to Chex Systems. Acts as a second chance checking to reestablish a checking relationship.

**Just For You loan** – Created to extend credit to members who would not qualify under typical underwriting guidelines. By extending the approval criteria to include stability factors such as : length of membership with the credit union, residence stability and job stability, this has allowed several members the opportunity to rebuild their credit .



## Bridging the GAP

- Assess the needs of the your organization
- Identify your local credit union partners
- Determine the “fit” – services, programs, partnerships, etc...
- Create a “workable” plan



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