Protecting our members

Back in 2008, the U.S. faced a banking crisis in the housing market. Basically, lenders allowed more high-risk loans than they had the cash to back up. As property values crashed and foreclosures piled up, the government was forced to step in to save the entire banking system. The recent failures of Silicon Valley Bank and Signature Bank make us recall the 2008 financial crisis. Here we are in 2023 and, once again, the government was needed to come to the rescue. This time, they saved the customers, not the for-profit banks.

The failures of the recent banks come down to inadequate risk management while trying to make a profit. Those institutions chose financial gains over protecting their members. The failed banks had a heavy concentration of corporate customers in the technology and venture capital sector. Tech companies, especially startups, are known for raising millions of dollars from investors. They also need that money to stay accessible as cash for their expenses. Many of these tech companies put all their funds into a single bank, far more than the bank could insure. (Read further in this edition about insured deposits.)

Part of how all financial institutions remain profitable is by earning interest on the deposited funds they hold. They then take a portion of those funds to use for long-term investments. The profits gained annually from deposit interest, long-term investments, and fees are then dispersed in one of two ways. **Not-for-profit Credit Unions take those profits and return them to their members.** The for-profit banks pay out to their shareholders. Shareholders are those who invest in the bank and whose primary goal is to continue growing profits.

SVB and Signature invested much of their portfolio back into the same tech companies whose deposits they held. Simply put, the banks put all their eggs in one basket. Combined with locking much of their profits into long-term investments, when the tech industry slowed, so did their cash flow. They simply didn't have enough money on hand when many of the corporate customers wanted their money back at the same time. With such a large amount of funds involved, the federal government came in to protect the customers – the tech industry, not the banks who took too many risks.

The FedEx Employees Credit Association has a different view on what makes us successful. Our goal is to enable our members to secure their financial futures. Part of that mission is to responsibly protect the funds we are entrusted with. FECA members can be confident that our volunteer Board of Directors and experienced Executive Team have always had a diverse and risk-averse strategy in place to protect our members, their families, and their money.

ESI Excess Share Insurance

FECA funds are insured up to $500,000.
While many banks & credit unions insure funds up to $250,000, **the FedEx Employees Credit Association provides up to$500,000** on each account. FECA members get this increased protection because we are covered with federal insurance provided by the National Credit Union Administration (NCUA), and additional private insurance from the Excess Share Insurance Corporation (ESI).

FECA doubles your protection on each account with deposits. Each of your IRAs, Share Certificates, and Money Market accounts have guaranteed insurance protection for up to $500,000. Members can rest assured that their funds are safe!

Why does FECA double your coverage?
All credit unions are insured by the NCUA's basic federal coverage that insures deposits up to $250,000. However, not every account is a simple deposit account. FECA wanted to make sure that EVERY member's account was protected. Many of our member's accounts are structured differently. Certain joint, trusts, and IRA accounts may need more than $250,000 in coverage.

For accounts exceeding the maximum level of coverage provided by NCUA, FECA also insures up to an additional $250,000 with ESI. For example, if you have a regular savings account, checking account, and share certificate that together add up to $500,000, then $250,000 is insured by NCUA, and the remaining $250,000 is insured by ESI.

With nearly 5,000 credit unions in the United States, as of June 2022, only 260 of these institutions doubled their coverage. We wanted to make sure all our members could be assured that their funds are safe at FECA.

What is Deposit Insurance?

Deposit insurance is the government's guarantee that an account holder's money at an insured financial institution is safe up to$250,000. Originally created during the Great Depression, it is designed to reduce the risk to depositors and instill stability within the financial system.

Deposit insurance provides three important benefits:
1. It assures most depositors that their funds are safe and that their deposits will be immediately available to them if their financial institution were ever to fail.

2. It maintains public confidence in the financial system, thus fostering economic stability. Without the confidence of the public, banks and credit unions could not lend money. They would have to always keep depositors' money on hand as cash.

3. Deposit insurance makes it possible for both large and small financial institutions to exist together. Without deposit insurance, only large for-profit banks would risk lending money.

Employee of the Month

Angela Skelton   Hannah Fields   Erika Leflore

No auto payments for 90 days!

This spring, spend less on payments, and more on adventures! Defer payments for the first 90 days on any new, used, or refinanced auto loan from April 1 through June 30th, 2023.

Looking to buy or refinance a vehicle? Now is a perfect time to finance your car or truck with FECA. Buy or refinance your vehicle before June 30th and delay the first regular payment for 90 days. **That means more money in your pocket right now.**

Get into your vehicle today and save some cash for your spring & summer plans!
Apply today at **fecca.com/auto-loans/90-days-of-spring.**

Interest will accrue on loan principal balance during no payment period. Initial payments, once they begin, will go toward interest.

A branch in your pocket

On the road and need cash or assistance?

You're never far from a branch with the FECA mobile app. Use the FECA mobile app to message our teams and use the LocatorSearch to find the closest free ATM.

Download the app today!

Download on the App Store

GET IT ON Google Play

UPCOMING CLOSINGS

Monday, June 19, recognition of Juneteenth
Monday, July 4, Independence Day

Follow us online!

Put Savings at your fingertips with various options at fecca.com