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How Will Your Members Use Their Economic Stim. Checks?

Credit Union Journal | Monday, May 5, 2008

By Joyce Moed, Reporter

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PHOENIX - As the government prepares to send out economic stimulus payouts and tax refunds, credit unions are trying to motivate their members on the most beneficial ways to spend—or save—their “found” money.

The economic stimulus checks—amounting to \$600 for individuals and \$1,200 for joint filers—are coming out this week.

“I am not sure about others, but at [Arizona State Credit Union](#) we are launching an all-out attack at getting these funds into savings accounts,” said [Paul Stull](#), senior vice president of marketing for the CU. “We plan on offering folks a way to put those government payments to work in an aggressive advertising that has a touch of humor.”

This print advertising campaign features a bold quote, “Mommy, where do Economic Stimulus Checks Come From?” Arizona State CU’s answer: “We don’t know either, but we do know how to make ‘em bigger.” They say members can do this by earning interest by depositing the funds into a savings account there.

“Eighty-five percent of Americans getting these payments are set to pay down debt or save the money,” Stull said. “[Credit](#) unions are the perfect answer. We have great products to help small savers get started, and in these economic times starting a savings habit may be just the answer.”

[Mid-Hudson Valley Federal Credit Union](#) in Kingston, N.Y., is offering its members a Small Savers certificate “to address several marketing opportunities including the grand re-opening our main branch office, but also to target tax refunds and stimulus checks,” said [Bill Spearman](#), president and CEO of the CU.

Spearman said the Small Savers certificate is perfect for the economic stimulus checks, as it’s the type of high rate product even the smallest saver can participate in, with a 6% APY for 12 months.

“It has received a lot of attention,” Spearman said. “We will be approaching \$1 million in the next several weeks account for nearly 1,000 certificates.”

This promotion is planned to be highlighted again throughout this month, in timing with the stimulus disbursements. Spearman said.

[Truliant](#) Surveys Membership

Truliant Federal Credit Union in Winston-Salem, N.C., conducted a survey with more than 700 of its members to find out what they planned to do with their tax refunds, and their economic stimulus checks.

“A survey of this nature helps us understand our members’ hearts and minds in this economy, and in particular, their mindset during the tax season,” said [Ginger Salt](#), senior vice president of marketing for **Truliant** FCU. “Having that knowledge helps us focus our marketing efforts around a number of financial solutions we have available to out members that meet their debt reductions and savings needs—including competitive certificates, free financial planning, and money-saving/budgeting literacy programs.”

The survey results showed that 47.7% of members plan to pay down debt with their anticipated economic stimulus checks, 41.9% plan to save the money, 20.2% plan to pay living expenses with it. 13.5% plan to go on a trip, 7.7% plan to add it to current investments, and 7.4% plan to take the money and go shopping.

Salt said she is not surprised by these results.

“Anecdotally, in conversations with members and friends, a more conservative approach toward money management is definitely the trend this year, given rising gas prices, and decreasing value of the U.S. dollar,” she said. “Many people have indicated that being debt-

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free is a priority.”

“In past years people might have said they were going to use their refund to take a vacation or to go on a shopping spree, but it is clear that the tide has changed.”

As a result of the survey, **Truiliant** FCU has been helping members with savings and debt-reduction programs.”

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[U.S. Federal Credit Union](#) is not planning anything specific for its members to do with their stimulus checks, due to the varied investment preferences its members have, said [Marty Kelly](#), senior vice-president of marketing and business development.

“Our best strategy here is to match them up with some or all of our full range of deposit services, including long- and short-term certificates, bump up investments, IRAs, money market, relationship savings, and the alternative investments offered through the [Members Financial Services](#) program,” Kelly said. “Our present growth focus is on loans—retaining and seeking new. Still, we can’t promote products only when it’s convenient for our financial statements.”

Hawthorne CU is taking a different approach, suggesting five distinct ways members can “make the most of their money to help them out financially now, or in the future,” said [Carla Day](#), director of sales and service.

These five options are: purchase a new car, invest in their home, fatten their nest egg, pay down credit cards, and saving the funds in a [Christmas Club](#) account.

Many Ways To Use Funds

“We have not designed any specific products for members to use their funds,” Day said. “We are promoting that the members use the Economic Stimulus Check in whatever manner will help them our financially, so they will be better off. For some members that may mean using the funds to bring their mortgage up-to-date, or pay down their Visa account. For another member it may be to contribute to their IRA, or even possibly use the funds to buy a more fuel-efficient vehicle.”

Throughout the first week of this month, American First CU in La Habra, Calif., conducted a direct mail campaign to its members, encouraging them to deposit their stimulus checks at the CU.

“We’ve seen more and more members struggling over the past few months, and thought this would be an idea time to encourage savings and reminds our members about their savings options, as well as the insurance offered through their credit union,” said [Ryan Zilker](#), vice president of marketing and strategic planning. “We are not tailoring any products to these checks, per se. But we are reminding members about all of the savings options that are already available to them.”

People Choice CU in Medford, Wis., is planning specials for both loans and savings for the time period that the stimulus checks are received. “There is no specific educational projects planned for the stimulus package, however, due to the location of the credit union, and the ongoing economic situation, two of the three main manufactures in town have laid off a significant portion of their work force,” said [Matt Selke](#), CEO. “We are encouraging members to use their stimulus check to get caught up on bills and encouraging members to use their checks wisely.”³

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