



THE DEFENSE CREDIT UNION COUNCIL

ALERT

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A VIEW FROM THE BOARD ROOM

Armed Forces Financial Network – An Invaluable Partner

By: *Robert Morgan, DCUC Board Member
Director, ABNB FCU, VA*

Did you know that the Defense Credit Union Council was a co-owner (along with the Association of Military Banks of America) of the Armed Forces Financial Network (AFFN)? Founded in 1985 to provide military personnel access to their Sure Pay accounts (mandatory EFT), for nearly two decades AFFN has provided quality products and services for participating financial institutions servicing the U.S. military worldwide.

Despite the competition between credit unions and banks, DCUC and AMBA recognized the value of AFFN nearly 20 years ago, and the benefit of sharing information and infrastructure costs in support of our troops. The network partnership between DCUC and AMBA was solid back then, and the partnership remains strong today.

Some of the services originally provided were ATM transaction processing, including those at sea, POS, debit cards and stored value cards. Today, the ATM and POS services alone aggregate nearly 16 million transactions a month! Not bad for a small network, but there is always room for improvement and growth. In order to maintain a competitive edge in the industry, and more importantly, to continue to support our troops worldwide, AFFN is working dili-

(See **BOARD ROOM**, p. 9)

CEO UPDATE

DI '04 Revisited

By: *Roland A. "Arty" Arteaga
President/CEO, DCUC*



"Arty" Arteaga

In 1997 the Defense Credit Union Council (DCUC) introduced the Defense Issues Roundtable program, as a prelude to CUNA's annual Governmental Affairs Conference. Thanks to the continued support of

CUNA, the Department of Defense (DoD) and other Federal Government agencies, for seven years running, DCUC has planned, coordinated, and delivered a five star program that has grown in popularity year after year. Defense Issues 2004 was no exception! The speakers and topics for this year's session were engaging, and the capacity attendance was indicative of the swelling support and demand for this one-day session. No better way to start a week in DC than to network with your colleagues and to get smart on some key issues impacting the DoD.

Thanks to Lieutenant Colonel Rivers Johnson, Press Operations, Office of the Assistant Secretary of Defense for Public Affairs, for setting the stage. The good Colonel Johnson did a superb job outlining the Department's efforts on the war on terrorism, leaving no question of DoD's top priority in 2004. With that said, Colonel Johnson was quick to add that victory would not come easy, and

that DoD's environment would be characterized with flexibility and adaptability. I call the current environment VUCA (volatile, uncertain, complex and ambiguous). Regardless of the label or the situation, now more than ever, our commitment to DoD must be strong. Whether our troops are coming or going...commands are reconstituting or fighting...theaters (European or Pacific) are transforming or shifting...bases are closing or realigning, we need to ensure our "basic load" (of financial products and services) is conducive and supportive of the DoD climate.

Colonel (Retired) Marcus Beauregard, who is now a senior management analyst with IBA and working with the Office of the Deputy Undersecretary of Defense for Military Community and Family Policy, succeeded Colonel Rivers and updated us on DoD's Financial Readiness Campaign. As noted by a recent short Defense Manpower Data Center survey, while the junior enlisted ranks (E-1 to E-4) are feeling better about their financial condition, their finances continue to create stress in their quality of life. In addition to working and partnering with organizations (such as DCUC) to address this concern, Marcus advised that the DoD's alliance with the Consumer Federation of America (CFA) and the *America Saves* program

(See **ARTEAGA**, p. 4)

**DEFENSE CREDIT UNION
COUNCIL, INC**

is an association of credit unions serving Department of Defense personnel, military and civilian, worldwide.

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ALERT

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DCUC'S 41st CONFERENCE: AUGUST 15–19, LAS VEGAS, NV

Defense Credit Unions: "A Sure Bet for our Armed Forces"

Mark your calendars today to join us in Las Vegas, August 16-19 for the 41st Annual DCUC Conference. All DCUC active, affiliate, and associate members are invited to gather once again to learn, to share and to network. Each year, our goal is to bring you the most informative general sessions, cutting-edge educational breakout sessions, and social events sure to make you smile. Join us as we find better and more effective ways in "Serving Those Who Serve Our Country." Now, more than ever, the DCUC Conference will help you to meet that challenge. You can bet on US!

Keep **ALERT** for updated conference information and watch for the **Preliminary Program** in your mailboxes this month!

In response to your request for an easier, more convenient Conference Registration process, DCUC has stepped boldly into the 21st Century by creating one that's **easy, safe and efficient**. Now, instead of filling out forms manually, making copies, sending checks and all the other tedious tasks affiliated with

Registration, you can quickly and easily go to the DCUC website at www.DCUC.org and register to attend the upcoming 41st Annual DCUC Conference in Las Vegas. The instructions will take you through the process one step at a time and your confirmation will arrive at your email address shortly thereafter. Register for your hotel, the golf tournament, optional tours and the conference itself – all at the click of your mouse!

Look for the Preliminary Program in your mailbox this month and experience the technological wonder of Registration! For those of you who prefer to register by fax or mail, do not fear! You can still register the same way you've always done it! Our goal is to accommodate all our member's requests – so register on-line or not – just remember this – if you've registered on-line, it is not necessary to also fill out the printed forms and send those in too! We hope to create less work for you, not more! Questions?? Call Janet Sked at 937-299-9007 if you need assistance.



Caesars Palace

BRAC UPDATE

By Sgt. 1st Class Doug Sample, USA
American Forces Press Service

Military value will be the focus for the final selection criteria to be used in the 2005 round of base realignment and closures.

That value represents the ability of the installation to contribute to Department of Defense (DoD) future mission capabilities and operational readiness, said Philip Grone, principal assistant deputy undersecretary of defense for installations and environment, in an interview with American Forces Radio and Television Service recently. In fact, four of the eight guiding principles are centered on military value.

The final selection criteria are also based on factors such as potential costs and savings, community support and environmental considerations, Grone said. However, he added, "ultimately, the secretary must base his recommendations principally on how it contributes to our current and future mission capabilities, how it contributes to military value, how it supports the force."

The selection criteria for the upcoming BRAC round were finalized and published February 12th in the Federal Register, a publication that fulfills the legal requirements to publish items such as proposed rules and notices, among other documents, for public comment.

Grone said Secretary of Defense Donald Rumsfeld approved the final selection criteria after an earlier public comment period for the draft version. The BRAC timetable also called for sending the draft and final criteria to defense congressional committees. Congress has 30 days to carry out any disapproval action on the criteria.

More review work continues in coming months on items such as a force structure plan and infrastructure inventory. The secretary makes final recommendations on base realignment and closures

to an independent commission in May 2005.

The commission's nine members will review the secretary's BRAC recommendations before making their own recommendations to the President by September 2005. The President then either approves or rejects the commission's recommendation before sending them to Congress in November 2005. Congress has 45 legislative days to enact a joint resolution rejecting the recommendations or they become binding.

While the mechanics of the basic BRAC process are similar to prior rounds, Grone pointed out that the department's emphasis on transformational options and a "capabilities-based" approach is a significant change. "BRAC can make a profound contribution to our defense posture by realigning our infrastructure to support the new defense strategy," he explained.

And equally important, he added, emphasis will be placed on joint utilization for functions and facilities, as well as converting what he called "waste to warfighting."

"We have facilities that we no longer require that are costing us millions or billions of dollars to maintain over their useful life. Those facilities are not adequate to the mission; we don't need them. Those resources that are devoted to facilities we do not need, need to be converted to warfighting capabilities," he said.

In addition to eliminating waste at bases in the United States, Grone said the department will also look at overseas assets through a global posture review. "The important part about the global review is to look at all of our infrastructure and to look carefully at how they are positioned to support the mission, and to assess whether or not we can make changes — not just where the wars of the 20th century ended, but where we need to realign and re-position our assets to

deter, or where necessary, defeat any potential adversary in the 21st century," he explained.

Meanwhile, Grone said BRAC has become a "key component" of the secretary's transformation initiatives to realign the department's warfighting capability. He said the department's transformation will not be the best possible "unless we have the infrastructure in the right place to support the missions where they need to be. ... We can only accomplish that through a comprehensive base closure and realignment effort."

Although he emphasized there are no specific goals on the number of bases the department plans to close, he indicated past studies have estimated there to be roughly a 23 percent excess capacity across DoD. However, he said, "That doesn't translate into a number of bases that we might close or realign.

"There are no lists of bases to close, we have no specific targets," he explained. "And the reason we don't have specific targets is because it is important for us to put all of our transformational options on the table and not be constrained to an artificial number that we must close a given number of bases."

Grone said that installations affected by a closure and realignment recommendation must begin to implement the closure or realignment within the first two years in which the recommendation becomes law. All closure and realignment activity must be completed within a six-year window, he said.

"So it is a phased approach, but we want to get on with it aggressively because we want to do what we can to get the missions where they need to be to support force and business transformation of the department."

Related Web Site: Base Realignment and Closure [<http://www.dod.mil/brac>]

ARTEAGA

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is taking shape. Fort Stewart, GA is currently piloting the *Army Saves* program, and within the next month, the DoD will introduce similar pilots at Norfolk Naval Base, VA and Camp Lejeune, NC. While the pilot programs have been slow in coming (due to Operation Iraqi Freedom), DoD looks forward to working with CFA, base Commanders, on-base Professional Financial Managers (PFM), and defense credit unions to expand the *America Saves* program, and promote a savings philosophy among the troops. In that regard, and given the on-going mass rotation of troops, we need to provide an incentive for savings. Our troops will have a ton of money when they return from overseas. No better time to create a special savings program...to take a risk for those who serve our Nation. Give it your fullest consideration on how best to do that, and share your ideas with your base PFMs.

Closing out the morning session was Ronnie Brooke, a staff lawyer from the Federal Trade Commission (FTC), who gave us great insight into FTC's alliance with DoD and the joint creation of the *Military Sentinel* website (www.consumer.gov/military). This site serves as a consumer protection and consumer education site for the military community, and also acts as a repository for consumer and identity theft complaints. Additionally, the site provides access for law enforcement officials (restricted site), so they can pursue formal complaints and share data with military law enforcement officials and legal personnel worldwide. Ronnie encouraged us to promote *Military Sentinel* as yet another excellent resource for the troops, and recommended we establish a link to *Military Sentinel* on our respective websites. Great recommendation...and DCUC is in the process of establishing this link on the DCUC website.

While typically our afternoon sessions see attendees coming and going, this year, *Georgetown West*, remained at full capacity...a great tribute to our two remaining speakers and the topics at hand.

Major Don Svendsen, a JAG Officer with the US Air Force Reserve, set the standard for the afternoon sessions. His

presentation was the Servicemember Civil Relief Act (SCRA); his mantra: "may" now reads "shall"! In years past, the preceding law (Soldiers and Sailors' Civil Relief Act [SCRA]) allowed some flexibility in its interpretation; today, however, the law is clear and rigid. What a super job by Major Svendsen, as he guided us through SCRA's history and highlighted the major changes on protection and jurisdiction, general relief (to include maximum rates of interest), termination of installment contracts, and termination of leases for home, business, and motor vehicles. This was certainly an "eye-opening" presentation and one that clarified our responsibilities under SCRA. Simply outstanding!

While Major Svendsen set the standard for the afternoon, Ms. Kristine Conrath, Director Emerging Technology Division, Financial Management Services (FMS), U.S. Treasury, answered the call. Kristie had the dubious honor of being our last speaker on a Saturday afternoon at 2:15 PM, after a long day of briefings. I am here to tell you, Kristie took it up a notch and closed Defense Issues 2004 in a highly spirited fashion, delivering a most informative and enlightening presentation. This was Kristie's first appearance at a DCUC function, and as the now Acting Director for E-Commerce at FMS, no doubt, we will see more of her for months to come. Kristie updated us on DoD and Treasury E-commerce initiatives, addressing Stored Value Cards (EZ Pay, Marine Cash, Eagle Cash, and the Navy Cash Card)...present and future; the U.S. Debit Card...its benefit, flexibility and use by the Federal Government; and Paper Check Conversion...the fastest growing financial management service offered by FMS.

Defense Issues 2004 became history at exactly 3:00 PM. A success? From the verbal feedback received...sure thing! We had an excellent agenda and some of the best speakers to date (presentations can be found on DCUC's website at the "Conferences" link). Thanks to all our speakers for sharing the morning and afternoon with us, and to Bob Bird (DFAS), Dean Hunstad (Navy) and Jodie Davis (Air Force) for attending. These folks are special people who have served us well and done us proud!

Thanks also to Dan Mica for welcoming and sharing some thoughts with us at the onset, and for his and all of CUNA's outstanding support throughout the day (and the year!). Special thanks to DCUC's Board of Directors for their guidance and direction...and to Beth Thompson and Debbie Caruso, who did a wonderful job coordinating and preparing this, their first DCUC function. Hooah!

DOD DID YOU KNOW THAT

- The Navy Cash Card is still pending final approval by Dr. Dov Zakheim, the Under Secretary of Defense (Comptroller) & CFO. Until Dr. Zakheim and his team of Business Management experts give the Department of Navy (DoN) the green light, the distribution and use of the Navy Cash card is restricted to ships previously approved by DoN. That schedule of approval, coupled with the latest Navy Cash Card briefing can be found on DCUC's website ("DoD Information" link).
- The draft revision to DoD Directive 1344.7 (Personal Commercial Solicitation on Military Installations) remains on hold. Since DoD's public hearing in August of 2003 (see the September 2003 **ALERT**), the Office of the Deputy Under Secretary of Defense for Military Community and Family Policy has been fielding questions and addressing concerns from industry and legislators. As current law now stipulates that DoD must notify Congress of any proposed changes (to DoDD 1344.7), the revision to 1344.7 may be a long time in coming. However, when the revised draft is complete, DoD will publish the same in the Federal Register for yet another round of public comment. This one may take some time folks...stay tuned.

(See ARTEAGA, p. 5)

DECA STARTING NEW BOUNCED CHECK POLICY

Shoppers who bounce checks at the commissary could soon see money disappear from their bank accounts on payday. By the end of February, the Defense Commissary Agency plans to begin using a new process to collect money owed on customers' returned checks. Under the new system, the commissary will send the check to the bank to collect money due. If that fails, the money owed will be automatically deducted from the customer's bank account on military paydays through a collection agency called Solu-tran. If still no money is available in the account on payday, then the request for money will be sent to the Defense Finance and Accounting Service to get money owed from the servicemember through the chain of command. Though a date has not been set, DECA-Europe will be the first region to switch entirely to the new process. Five commissaries in the States have been test locations and more will soon be added, according to a DECA news release, eventually bringing the entire commissary system under the process.

ARTEAGA

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- If you are selected as a Treasury General Account holder you are not awarded a contract under the Federal Acquisition Regulation (FAR) and hence are not considered a federal contractor. You are a financial agent of the Treasury. Plain and simple, as a designated financial agent, you have a fiduciary duty to act in the Treasury's best interest. According to the Treasury, that same level of responsibility is not required of a contractor. 12 USC 1767 and 12 USC 1789(a) gives the Treasury the authority to designate credit unions as financial agents.

LIEUTENANT GOVERNORS BACK FUNDS TO AID CASH-STRAPPED GUARD, RESERVE FAMILIES

By Patrick J. Dickson
Stars and Stripes European Edition

Families of many deployed Guard and Reserve troops are hurting financially, and many of their state legislators are moving to make that a thing of the past.

Recently, five lieutenant governors held a news conference to announce a drive to create Military Family Relief Funds in states across the nation.

"We cannot allow the citizens of our states who are serving their country to fall into financial ruin while they are in Iraq, facing harm ... while they are protecting us," said Calif. Lt. Gov. Cruz Bustamante.

Each fund is designed to provide grants to families of National Guard and Reserve soldiers on active duty who are facing reduced income and financial hardships. Grants ranging from \$500 to \$2,000 will help military families in need to cover expenses such as rent, utilities and medical expenses.

Many National Guard and Reserve soldiers earn less in active duty than they do at their regular place of employment. Also, some private and public employers do not always make up the difference between soldiers' military pay and their civilian pay.

The model for other states to follow is the Illinois Military Family Relief Fund, championed by Lt. Gov. Pat Quinn and signed into law in February 2003.

"The force in Iraq is estimated to be about 40 percent reservists and Guard members This is unheard of in our country; unprecedented," Quinn said. "A lot of times, the military pay is quite a bit less than the civilian pay that someone was making."

Quinn offered an example of one soldier whose wife and three sons saw a 70 percent cut in his pay.

"It's pretty hard to make ends meet when you have such a decline in your family income."

Bustamante said that 10 to 20 percent of the 9,000 California families with a deployed service member are seeking some form of emergency assistance.

A check-off box on the current Illinois income tax return allows individuals to make tax-deductible donations directly to the fund. Begun with state and voluntary support,

\$829,000 has been distributed in grants to more than 1,800 military families in Illinois, so far.

South Carolina, California and Pennsylvania are initiating legislative efforts to allow private donations through income-tax check-offs for grants to the military families in need.

The total number of National Guard and Reserves called to active duty at this time is 189,859.

Quinn has created a Website, Operation Home Front - <http://www.operationhomefront.org/> describing how citizens on the home front can help soldiers fighting around the world. The site has registered more than 4.3 million hits, Quinn said.

“WE CANNOT ALLOW THE CITIZENS OF OUR STATES WHO ARE SERVING THEIR COUNTRY TO FALL INTO FINANCIAL RUIN WHILE THEY ARE IN IRAQ, FACING HARM ... WHILE THEY ARE PROTECTING US.”

YOUNG TROOPS FACE WELCOME SURPRISE ON HOME FRONT

By Michelle Haas-Dosher, Associate Editor,
CUNA Center for Personal Finance

Soldiers returning from deployment overseas could be in for a big surprise when they see the balance in their credit union accounts. After months away, many will be in a better financial position than they ever thought possible and, for the first time in their lives, have more money than they know what to do with. Many have been serving in countries where there isn't much to spend money on, and most are receiving hazardous duty pay.

"Some soldiers have built up deposits that they've never had before," says John Moorhead, president and CEO of Fort Campbell FCU in Clarkesville, TN. Moorhead informs soldiers with built-up savings that they already have taken the first step to anchoring a financial plan—that is, having three to six months' income set aside for emergencies. Moorhead also encourages troops to leave the money on deposit to borrow against as share-secured loans. This establishes a systematic savings plan and helps them establish credit. They'll pay minimal interest.

A fool and money...?

During a deployment the credit union will see a rise in assets—growth in savings and checking accounts, says Elaine Tuten, CEO of Fort Stewart Georgia FCU in Hinesville, GA. "Twelve years ago during Desert Storm we found that, when the troops returned, the money quickly disappeared from the credit union."

Moorhead agrees. "Our experience following Desert Shield and Desert Storm was that many soldiers wanted to withdraw cash. This time we were prepared to encourage them not to do that, but rather take funds as an official check/cashier's check for safety reasons."

"There are entities just waiting for soldiers to return so they can take their

money," Tuten adds. "Pawn shops, title pawns, payday lenders—all of those entities that surround a military base. The main thing we want to do is to take care of our young soldiers and their families and keep them from getting caught up in any of these financial traps," she says. Fort Stewart Federal strives to work with the military to educate soldiers about

“TO HAVE FINANCES IN ORDER BEFORE DEPLOYMENT IS KEY,” FORT CAMPBELL’S MOORHEAD SAYS. THE MOST IMPORTANT THING MARRIED COUPLES CAN DO IS TO COMMUNICATE WITH ONE ANOTHER BEFORE DEPLOYMENT. THE SPOUSE LEFT BEHIND NEEDS TO KNOW EVERYTHING ABOUT THE FINANCES.”

abusers and caution them about what they sign. "One of our goals is to teach them to use credit wisely."

Fort Stewart FCU is a large military installation, Tuten says, but the town is very small. As soon as troops started returning, about 3,000 automobiles were sold.

Off to a smart start

Some lenders hesitate to help because the young soldiers have no track record. And, a lot of lenders won't finance large amounts for military members because of their mobility. When lenders do agree to finance loans they often charge very high interest rates. Tuten says she's seen rates as high as 20 percent. "The average age of soldiers buying autos is 22 years; they could get into trouble real easy if they're

not careful about what they're doing," she says.

Even though the credit union makes risk-based loans, it takes a further chance on the troops. "Though we don't charge exorbitant rates, we do charge higher rates than we would for someone with established credit," Tuten says. Borrowers paying their loans in a timely manner earn another benefit: "Eventually soldiers may qualify to refinance and can end up with an even lower rate."

Fort Stewart FCU established a program known as "Z," for "zero credit," to help returning soldiers. "Z" is an educational tool, according to Tuten. "We educate members about credit on the front end. Within the first 30 to 60 days of the loan we give them a letter explaining how important it is to pay loans and how important a credit history is, because it will follow them for the rest of their lives. We're also developing seminars about how to use credit and how to understand a credit report.

"Our ultimate goal is to take guys and gals who never have had credit before and are rated a 'C,' and turn it into 'A' credit," Tuten says. 'A' credit refers to those having top credit scores; 'C' credit refers to those having average credit scores. She says we want to put them on the right track now at their young age and try to build them up as they repay the loan. We will write to them, congratulate them, and tell them how proud we are of them. We want to help them from getting into trouble. We want to make the loan at the credit union and then work with them during the entire term of the loan, teaching and encouraging them to handle money and how to handle credit.

"That's what the credit union is here for—to help them get off on that right foot," Tuten says. "In turn maybe they'll become lifelong members."

(See SURPRISE, p. 7)

EIGHT ELEMENTS OF A SUCCESSFUL FINANCIAL EDUCATION PROGRAM

SURPRISE

(continued from p. 6)

POA missteps

Though many soldiers return to the pleasant surprise of cash on hand, some return to find their money gone and savings depleted. This can happen when a soldier assigns power of attorney (POA) to the wrong person. A POA is a document that authorizes an individual to act on your behalf on matters of legal or personal significance if you're unable to act for yourself.

One thing that can save a lot of heartache is being smart about designating a POA before deploying. "We encourage soldiers to have a POA if they're leaving a family behind, but you never know if someone will take advantage of the situation," Tuten says. Soldiers should pay attention to the balances in their accounts and keep in touch about what is happening with finances back home.

"To have finances in order before deployment is key," Fort Campbell's Moorhead says. The most important thing married couples can do is to communicate with one another before deployment. The spouse left behind needs to know everything about the finances.

"A credit rating stays with you throughout life," Moorhead says. "If you've fallen behind on bills while deployed, communicate with creditors and make arrangements with them to repay what is owed."

He says, "It's easy to stay on top of finances while deployed, thanks to the online services that many credit unions provide." Audio response, home banking, automatic bill payer, debit cards, and credit cards allow military members to use the credit union any time, anywhere. Online services also can help married couples keep communication lines open.

Reprinted from the NCUA News

Recently NCUA Chairman Dennis Dollar addressed the Financial Literacy Commission and named Vice Chair JoAnn Johnson as NCUA's representative to the commission. The commission was established by the *Fair and Accurate Credit Transactions Act of 2003* to develop and coordinate a national strategy to promote financial literacy and education, the commission includes representatives from twenty federal agencies. The Commission Chairman is Secretary of the Treasury John Snow.

When addressing the commission, Chairman Dollar stated, "financial literacy is the most important ingredient to achieving the American dream". "Before anyone can effectively achieve the financial self-sufficiency necessary to break the cycle of payday lending and progress to the point where the individual can establish the credit base upon which to build an approvable application for a new vehicle or a home mortgage, they must first have a foundation of understanding America's mainstream financial system.

"Credit unions have been very innovative in financial education initiatives, an element that must not be overlooked as part of a credit union's outreach efforts," said Vice Chair Johnson. "We all have a responsibility to help Americans understand the financial system and empower them to become smart financial planners."

Eight elements for a successful financial education program are listed below, offering guidance to develop financial education programs and strategies to achieve the greatest impact. Each element relates to program content, delivery, impact or sustainability.

Content

1. focuses on **basic savings, credit management, home ownership and/or retirement planning.**
2. is **tailored to its target audience**, taking into account its language, culture, age and experience.

Delivery

3. is offered through a **local distribution channel** that makes effective use of community resources and contacts.
4. **follows up with participants** to reinforce the message and ensure that participants are able to apply the skills taught.

Impact

5. **establishes specific program goals** and uses performance measures to track progress toward meeting these goals.
6. **demonstrates a positive impact on participants' attitudes, knowledge or behavior** through testing, surveys or other objective evaluations.

Sustainability

7. **can be easily replicated** on a local, regional or national basis so as to have broad impact and sustainability.
8. is **built to last** as evidenced by factors such as continuing financial support, legislative backing or integration into an established course of instruction.



DoD ENCOURAGING MORE SERVICE MEMBERS TO INVEST IN TSP

By *Rudi Williams*
American Forces Press Service

A money savvy Marine Corps sergeant serving in Iraq didn't wait to get back home to buy a shiny new car with his \$30,000 re-enlistment bonus. Instead, he invested all of it into the Thrift Savings Plan.

"Assuming a 7 percent rate of return, his \$30,000 is projected to be \$345,000 by the time he reaches age 60," said Army Lt. Col. Janet Fenton, executive director of Armed Forces Tax Council. "If he continues to contribute to TSP throughout his career, he could have more than \$1 million saved by the time he retires."

A million dollars isn't anything to sneeze at, but Fenton and other defense officials see a big problem concerning TSP: not enough service members taking advantage of what could be called manna from heaven.

"We're trying to convince people that TSP is a good vehicle for savings," Fenton said. "The great thing about TSP is that it's tax-deferred in pretax dollar savings. So it comes out of your income and you're not taxed on it until you use that money later, hopefully in your retirement."

Fenton said the plan is also "a good idea for people who don't plan to make a career of the military, because they can take their TSP with them when they leave active duty."

Those who leave active duty before retirement could roll their TSP into a 401K plan of a new civilian employer, she noted. It could be put into an IRA, or even left in TSP, but no more funds could be added to the account.

"It would just sit there and grow tax-deferred," Fenton said. "I think most people would want to roll it over into some other vehicle that they could continue to contribute to."

More than 220,000 uniformed service members signed up for TSP in 2002, the first year the savings plan was opened to military personnel. That figure jumped to more than 390,000 at the end of the open season that ended December 2003.

That's a healthy increase, but defense officials would like to see thousands more service members use TSP as one of their savings plans for the future, Fenton said.

"At the end of 2003, the Navy had 32.2 percent of its active duty force enrolled in TSP," Fenton noted. "That's significantly higher than the other services."

Thrift Investment Board statistics show that the Air Force is second with 21.2 percent participation in TSP. The Army has 15 per-

cent. The Marine Corps has 20.2 percent. The Coast Guard has 19.2 percent.

Fenton pointed out that the other two uniformed services, the Public Health Service and the National Oceanic and Atmospheric Administration, also participate in TSP. The health service has 56.4 percent participation and NOAA is at 68 percent.

Fenton thinks more sailors invest in TSP because the Navy does an excellent job of advertising the benefits of the plan.

"We'd like for the rest of the services to get information out to more and more service members," she said. "Let them know that TSP is available and ensure that they understand what it can do for

them. At least have the information available so they can make a choice."

Service members who leave active duty and join the National Guard or Reserve will still have TSP because they could invest in it whenever they're on active duty," Fenton noted. "They could even contribute a percentage of their weekend active duty pay."

"Once they contribute, they're putting in a percentage of their basic pay," Fenton explained. "So every time they're being paid basic pay, some percentage, whatever they selected, which is up to 9 percent, would go into their TSP."

The amount service members are allowed to contribute and the percentage of pay they can invest increases annually. For example, through November 2003, it was 8 percent; beginning in December, the limit is 9 percent. The annual total of tax-deferred contributions can't exceed the Internal Revenue Code limit, which is \$12,000 for 2003 and \$13,000 for 2004.

Those who are contributing to TSP from their basic pay are allowed to contribute from 1 percent to 100 percent of any incentive or special pay, including bonus pay.



DEFENSE DIRECTORY UPDATES

- CA** – North Island Financial CU has changed their name to North Island CU.
- CA** – Point Mugu FCU has named Marianne Blitsch CEO.
- GA** – Robins FCU has named John Ruffin CEO.
- SC** – AllSouth FCU (formerly Ft. Jackson FCU) has a new website address which is www.allsouth.org.
- VA** – Langley FCU has a new mailing address which is 721 Lakefront Commons, Suite, 400, Newport News, VA 23606.

YOU SHOULD KNOW THAT . . .

- Mark your calendars today to join us in Las Vegas, August 16-19 for the 41st Annual DCUC Conference. All DCUC members and associate members are invited to gather once again to learn, to share and to network. Each year, our goal is to bring you the most informative general sessions, cutting-edge educational breakout sessions, and social events sure to make you smile. Join us as we find better and more effective ways in "Serving Those Who Serve Our Country." Now, more than ever, the DCUC Conference will help you to meet that challenge. You can bet on US!
Keep **ALERT** for updated conference information and watch for the **Preliminary Program** in your mailboxes this month!
- In the next few months NCUA will issue via the Internet *Compliance: A Self Assessment*, a downloadable resource tool offering federal credit unions a brief overview of consumer compliance regulations such as truth-in-lending and truth-in-savings requirements.

IDEAS FOR YOUR CREDIT UNION . . .

- *Pen Air FCU*, FL has announced the installation of a 911 Emergency System at two of its ATMs. The 911 emergency buttons are connected directly to the local police departments, closed circuit cameras capture the surrounding activity and dispatchers can act quickly. When the button is pushed, the user has "hands free" two-way communication with a 911 operator. The 911 operator is then able to determine the kind of assistance needed and dispatch either police or medical help, or both.
- *Service CU*, NH launched its latest campaign – "Access Equals Freedom". Using TV, radio, Internet, and print ads, SCU is trying to reach all members to emphasize that they can use their credit union no matter where they are. Remote access points are highlighted, such as the Internet and phone, but for those members who prefer to do business in the branch, Shared Branching is suggested.

BOARD ROOM

(continued from p. 1)

gently to enhance its capability. In the fourth quarter of 2003, AFFN contracted with Fifth Third Processing Solutions, a subsidiary of Fifth Third Bank to provide an alternate switch for transaction processing. AFFN is also pursuing a variety of new services and products that will be beneficial to our members.

The Board of Directors of AFFN, which includes representatives from three defense credit unions and three military banks, and business associates are dedicated and enthused about the future of AFFN. We all know that AFFN must be competitive in pricing transactions, and must provide quality service and support. We also know that you, our members, are in the best position to outline required

needs. Therefore, in the first quarter of 2004, AFFN began regional meetings to provide you valuable information, as well as solicit your feedback on matters of common interest and concern. Hopefully you will take advantage of these regional meetings, present and future, and share your thoughts and ideas with us, so we can continue to prosper and grow.

AFFN's mission is to provide quality products and services for participating financial institutions serving the US Military Community worldwide. We need your input to further accomplish that mission, and to provide the very best service to those serving our country worldwide.

Thanks for your continued support. It is appreciated.

REPORT ON THE GEORGE E. MYERS FUND

Two Winners Receive \$2,500 Scholarship

The George E. Myers Scholarships were presented on Saturday, February 21st during the Defense Issues '04 Luncheon. The awards were given to Lynette Cummings of Military and Civilian FCU, AK and Jill Lisinski of ABNB FCU, VA.

Lynette Cummings has been with MAC FCU for five years and is currently the Operations Manager. Lynette will use her scholarship money to attend the first year of the CUNA Management School.

Jill Lisinski is from ABNB FCU and is the Financial Counselor Manager. She has been with ABNB FCU for six years and will be using her scholarship money to attend the 2004 AFCPE Annual Conference.

The Scholarship is available for credit union education based on the need of the individual to be used toward registration/travel expenses only. Educational programs at the following levels will be considered: a) DCUC conferences; b) chapter; c) league; d) national.

Contributions to the Fund are tax-deductible. Share drafts/checks should be made payable to the **National CU Foundation - GEM FUND**, and sent to DCUC at 601 Pennsylvania Avenue, NW, South Building, Suite 600, Washington, DC 20004-2601.

NOTES ON DEFENSE CREDIT UNIONS IN THE NEWS . . .

Navy Federal Financial Group's settlement services company, celebrated a successful first full year of operation. The fledgling company conducted nearly 8,000 settlements and closed approximately \$1.4 billion in mortgages in 2003 saving members more than \$1.5 million in settlement fees and title charges. NFRES specializes in real estate settlement services and helps *Navy FCU*, VA members simplify the mortgage closing process...*Army Aviation Center FCU*, AL celebrated the groundbreaking at the site of their new branch in DeFuniak Springs, FL...

MORE NOTES ON DEFENSE CREDIT UNIONS IN THE NEWS . . .

Hanscom FCU, MA just finished a successful roll-out for its online statement program. It's popular with members, especially those who are deployed or move on to a new duty station. It also saves money for the credit union. A contest and a marketing campaign were held with a "clean up the clutter" theme to generate excitement among members and employees...*Travis CU*, CA members and employees reached out to the community and people in need by taking part in the Solano Food Bank annual food drive. This year members and employees donated more than 1,995 pounds of food, an increase from 1,680 in the prior year...*SAC FCU*, NE donated more than \$9,000 to the United Way campaign by sponsoring different events such as raffles, selling casual days, and pledges.

STILL MORE . . .

Recently, under the leadership of Jean M. Yokum, *Langley FCU*, VA officially crossed the billion-dollar asset mark. Less than 100 credit unions nationwide have been able to achieve this milestone...*Fort Meade Community CU*, MD participated in Operation Air Conditioner, which provides air conditioners and ceramic heaters to the troops in Iraq...

MORE . . .

North Island Financial CU has a new name to go with their new logo, they are now known as *North Island CU*, CA...*Redstone FCU*, AL dedicated its new headquarters to its membership at a ribbon cutting ceremony...*SAFE CU*, CA has been given the OK to expand their FOM from six to twelve counties...

NOTES ON DEFENSE CREDIT UNION PEOPLE IN THE NEWS . . .

Nevada FCU, NV Vice President of Marketing *Michael De Stefano*, has been elected Crime Stoppers board director. Crime Stoppers is a community partnership program offered through the Las Vegas Metropolitan Police Department aimed at gathering information on the location of fugitives...*Yvonne Newburn* was named Northern Branch operations manager at Point Loma CU, CA...

MORE NOTES ON DEFENSE CREDIT UNION PEOPLE IN THE NEWS . . .

DM FCU, AZ named *Rene S. Almazan* vice president of business lending and services...*Keesler CU*, MS has

recognized three of their employees for outstanding service in 2003: Loan Officer *Amanda Berkley*, President's Award; Member Services Supervisor *Donna Disalvo*, Executive Award; and IT System Administrator *Chad Brown*, New Employee of the Year Award...*Marianne Blitsch* has been named CEO of Point Mugu FCU, CA...

AND STILL MORE . . .

John S. Ruffin has been named CEO of Robins FCU, GA...*Denise Floyd*, CEO of Fort Sill FCU, OK was inducted into the Honorable Order of St. Barbara for her work and that of her CU in helping servicemen and their families at the Fort Sill Army Base. The actual Order of St. Barbara is an honorary military society and inductees are usually servicemen who are members of field artillery units of the U.S. Army. In receiving this tribute Ms. Floyd was cited for understanding her role "as leader, mentor, comforter and cheerleader and her 'never give up' attitude in dedication and commitment" to the military community...*Buddy McMullin* of Redstone FCU, AL has been named vice president of investment/insurance...

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