

Standing Strong

A Message from Your CEO, Ron Berry



As many of you know, the National Credit Union Administration (NCUA) has placed into conservatorship two corporate credit unions, U.S. Central Federal Credit Union in Lenexa, Kansas; and Western Corporate Federal Credit Union, known as WesCorp, in San Dimas, California. As your CEO, I wish to explain the significance of this move, and reassure you that it does not diminish the safety and security of Pasadena Federal Credit Union. Rather, it enhances it.

What Is “Conservatorship?”

Conservatorship enables the NCUA to operate a financial institution that has become destabilized. ***Corporate credit unions, however, are not the same as consumer-based credit unions like PFCU.*** Rather, corporate CUs provide payment processing, financing and investment services to the larger population of consumer credit unions. There are 28 corporate credit unions in the U.S. After extensive “stress-testing” of these, only two required regulatory action: U.S. Central, with about \$34 billion in assets; and Western Corporate, with an estimated \$23 billion. By taking control of these two corporate CUs, the NCUA effectively stabilized the overall system.

The NCUA, which oversees some 7,800 federally insured credit unions, said it “will continue to take any and all steps necessary to preserve a well-functioning system of corporate credit unions and to protect the assets of (consumer-based) credit unions and their members during the ... financial market dislocation.”

The NCUA further stated that “financial services provided by the two corporate credit unions will continue uninterrupted, and there will be no direct impact on the 90 million members of credit unions nationwide.”

Credit unions in general remain financially strong, with a national average net worth exceeding 10 percent of assets. (PFCU’s net worth is over 13% of assets, significantly higher than the average.) In addition, credit unions nationwide have sustained growth in assets and membership despite the deep recession. So, members may rest assured that credit unions in general, and PFCU in particular, remain safe and secure.

Your PFCU accounts are insured to at least \$500,000 through a combination of NCUA Federal Deposit Insurance for at least \$250,000 and private insurance through American Share Insurance (ASI) for an additional \$250,000. Based on how you organize your savings accounts, however, your coverage may be many times greater. If you have questions about your deposit insurance coverage or the safety of your insured accounts, please contact the Credit Union.

Meanwhile, Pasadena Federal Credit Union remains one of the strongest financial institutions available. We invite you to share this priceless benefit of safety by referring your family members to join.

