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RBC2 Improves Though CUNA Says Still Solution in Search of a Problem

ALEXANDRIA, Va. – While NCUA’s revised risk-based capital (RBC2) proposal contained many changes wanted by CUNA, the organization believes further changes are needed.

The proposal was approved by the NCUA board Thursday by a 2-1 vote, with board member J. Mark McWatters casting a dissenting vote.

A video of the risk-based capital discussion from Thursday's meeting is available at CUNA's [Risk-Based Capital Center](#).



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Executive Leadership Series

Brought to you by the New Jersey Credit Union League 

First ELS Session of the New Year Set for March 3rd

New innovations in
technology, shifting
customer expectations,
cyber security threats,
and economic pressures
have dramatically
changed financial
institutions.

Join us for the first
Executive Leadership
Series (ELS) [session](#)
of the New Year on March
3rd at the League office
where you'll hear from
Joel Abramson on how to

CUNA President/CEO Jim Nussle called the proposal a "solution in search of a problem," particularly given the likely costs to credit unions.

NCUA Director of Examination and Insurance Larry Fazio estimated that the one-time costs for credit unions to read the rule and make the appropriate operational changes to be approximately \$5.1 million. He also estimated an annual cost of less than \$1 million from credit unions in labor for new call report requirements.

This has led Nussle, along with NAFCU President/CEO Dan Berger, to again question the necessity of having the rule at all.

"Based on the healthy capital levels across the credit union industry and the millions of dollars in costs associated with this proposed rule, our respective organizations still have serious issues with it and continue to question the necessity of the proposal," the two said in a joint statement Thursday.

However, the rule does contain many improvements sought by CUNA in its original comment letter, and in its advocacy efforts throughout last year.

These include:

- Lowering the requirement to be well-capitalized to 10%, from the originally proposed 10.5%;
- Lowering of risk weights for mortgage loans, member business loans, long-term investments and credit union service organizations. CUNA pushed for a lower weight for mortgage servicing assets as well, but this was not lowered;
- Removal of interest-rate risk from the proposal. The NCUA has said interest-rate risk may be addressed in a separate rulemaking, which CUNA is against;
- Removal of the individual minimum capital requirement; and
- Changing the implementation period to Jan. 1, 2019. An 18-month period was originally proposed.

"The changes respond to the major criticisms we levied against the original proposal. As a result, it is a step toward a more palatable final rule, and the entire NCUA board is to be commended," Nussle said. "However, RBC2 is far from perfect, and CUNA and the leagues will again provide analysis and support for credit unions to generate comments to drive further improvements."

The 90-day comment period for the proposal will not start until it is published in the *Federal Register*, which could be a few weeks.

For more information, check's CUNA's [Risk-Based Capital Center](#) and its Risk-Based Capital [blog](#).

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Your Marketing Co. Latest Endorsed

reduce costs while investing in innovation to better serve the modern member. Register [here](#).

Upcoming Events:

January 20, 2015
VirtualCorps Webinar: How to Avoid Department of Labor/ERISA Audit Fines
3:00 pm to 4:00 pm
[More Information Click Here](#)

January 21, 2015
Webinar: Advanced Endorsements: POAs, Businesses, Trusts & More
3:00 pm to 4:30 pm
[More Information Click Here](#)

January 22, 2015
Webinar: Director Series: Credit Union Bylaws: Understanding & Assessing Your Governance Documents
3:00 pm to 4:30 pm
[More Information Click Here](#)

Contact Us:

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Provider of New Jersey Credit Union League

HIGHTSTOWN, N.J. and ROEBUCK, S.C. – Your Marketing Co., a full-service marketing, business development and product development firm based in South Carolina, is the latest endorsed provider to partner with the New Jersey Credit Union League and the first in 2015.

“We're honored to have the opportunity to work with an organization known for a commitment to excellence for the credit unions of New Jersey. If we can make a positive impact at just one credit union that enriches the lives of its members through our work we'll call this partnership a success,” said YMC CEO and Founder Bo McDonald.

“Marketing is a crucial area for credit unions and an area that the League has lacked a partner in for some time. After reviewing several different companies and learning about Your Marketing Co.'s vision and approach, we felt they were a natural fit,” said Candice Nigro, vice president marketing, communications & business development for the League.

Your Marketing Co. develops and maintains strong relationships with its clients and uses that foundation to generate new ideas that foster outstanding results. Campaigns are developed for individual credit unions based on strategic goals and needs.

“Through our due diligence process, I had the pleasure of speaking with some of YMC's clients,” said Nigro. “To hear a CFO say that the credit union's marketing firm was an invaluable part of their team really helped solidify how different YMC's approach must be.”

To help credit unions understand YMC's business model, meet their CEO and Founder Bo McDonald and Vice President of Marketing Molly Jackson, and hear about some of the great campaigns YMC has developed for credit unions, the League is holding an information session on February 24 from 11 a.m. to 1 p.m.

The session is free to attend and will include lunch. Please register through the League's education department by emailing Mary Zelinsky at mzelinsky@njcul.org.

If you have any questions, please contact Candice Nigro at cnigro@njcul.org or 609-448-2426 ext. 110.



NCUA Board Members Give Thoughts on RRC? Proposal

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RBC2 Proposal

ALEXANDRIA, Va. – Though the NCUA board approved the agency's revised risk-based capital (RBC2) proposal to be issued for a 90-day comment period, individual members have varied opinions about the plan.

Chair Debbie Matz said the proposal would protect the credit union system into the future, Vice Chair Rick Metsger wondered if the revisions made it too lenient, and board member J. Mark McWatters questioned if the agency even has the authority to enact such a rule.

"Simply put: Addressing the problem of capital inadequacy of high-risk outliers protects the entire credit union system," Matz said. "Let's not forget, while credit unions did not cause the financial crisis, they were deeply affected by it."

She added that the NCUA contacted 11 different law firms to choose one that could analyze whether the agency had the legal authority to put out such a rule. The firm they chose read the 2,056 comment letters, as well as statute, and concluded that the Federal Credit Union Act supports the rule.

Metsger said that he also believes the agency has produced a rule that balances safety and soundness with requirements placed on certain credit unions.

"The rule may not be perfect, and I would emphasize that it is, as many requested, a proposed rule ... in a rule this long it is likely we can continue to make improvements, but it is a good rule and holds up well," he said. "I invite people to comment on whether we have gone too far and provided too much leniency, too much flexibility and too long a transition period. It is possible the pendulum has swung too far and needs to swing back a little in the final rule."

McWatters said he questioned whether the Federal Credit Union Act grants the NCUA the power to make a two-tiered risk-based net worth rule. He cited legal analysis by CUNA and other organizations and lawmakers.

"Another well-known law firm retained by CUNA has questioned the legal authority of the board to propose a two-tiered risk-based regulatory system," he said. This firm concluded, "NCUA's approach is contrary to the express language of Section 216(d) of the Federal Credit Union Act. Were NCUA so ill-advised to adopt in its final rule the proposed dual-based capital standard approach ... that provision would be highly vulnerable to being overturned as unlawful by a reviewing court."

McWatters added that he does not offer this analysis without some reservation, and that he realizes reasonable minds may differ, but he believes the Federal Credit Union Act does not allow for the rule.

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National Credit Union Foundation Board Elects Officers

Garcia Re-Elected as Chairman, Nava Elected as Vice Chairman

vice Chairman

MADISON, Wis. – The National Credit Union Foundation (the Foundation) board of directors held officer elections at its January 14, 2015 meeting re-electing Laida Garcia, President/CEO of floridacentral Credit Union in Tampa, Fla., as Chairman, and electing Winona Nava, President/CEO of Guadalupe Credit Union in Santa Fe, N.M., as Vice Chairman.

Lee Butke, President/CEO of Corporate One FCU in Columbus, Ohio, was re-elected as Treasurer, and Angela McCathran, President/CEO of People's Trust Federal Credit Union in Houston, Texas, was elected as Secretary.

In addition to the aforementioned, the members of [the Foundation board](#) are:

- Jim Nussle, President/CEO of the Credit Union National Association in Washington, DC (President);
- Bill Cheney, President/CEO of SchoolsFirst FCU in Santa Ana, Calif.;
- Tom Dorety, President/CEO of Suncoast Credit Union in Tampa, Fla.;
- John Graham, President/CEO of Kentucky Employees Credit Union in Frankfort, Ky.;
- Teresa Halleck, President and CEO at San Diego County Credit Union, in San Diego, Calif.;
- Stan Hollen, President/CEO of CO-OP Financial Services in Rancho Cucamonga, Calif.;
- Patrick La Pine, President/CEO of the League of Southeastern Credit Unions and Affiliates in Tallahassee, Fla.;
- Larry Middleman, President/CEO of CU Business Group, LLC in Portland, Ore.;
- David Mooney, President and CEO of Alliant Credit Union, in Chicago, Ill.;
- Courtney Moran, Executive Director of the Cornerstone Credit Union Foundation in Farmers Branch, Texas;
- Christopher Roe, SVP, Corporate & Legislative Affairs, CUNA Mutual Group in Madison, Wis.;
- Howard Spencer, Chairman of the Board of Directors for Northland Area FCU, in Oscoda, Mich.;
- Mark Twisdale, EVP, Administrative Services, State Employees' Credit Union in Raleigh, N.C.; and
- Edwin Williams, President/CEO of Discovery Federal Credit Union in Wyomissing, Pa.

National
Credit Union
THE FOUNDATION

NCUA Board Approves Coverage of Costs Associated with Credit Union Data Breach

ALEXANDRIA, Va. – The NCUA Board has approved payment of up to \$50,000 for costs associated with a data breach at Palm Springs Federal Credit Union of Palm Springs, California.

NCUA will pay the credit union for activities such as credit report monitoring for members, credit union staff time associated with the breach, and legal fees. To date, the related costs associated with the data breach are approximately \$36,000. Payments will come from NCUA's existing operating funds. In the event costs ultimately exceed \$50,000, subsequent Board action would be required.

As a result of a failure to follow longstanding agency policies on securing sensitive data, a thumb drive given to an examiner was lost during an examination of Palm Springs Federal Credit Union. The thumb drive did not include passwords or PINs. NCUA has received no indication of any unauthorized access to members' accounts or attempts to gain improper access.

NCUA takes its responsibilities for the security of credit union members' personally identifiable information very seriously and is committed to ensuring data shared in exams is protected at all times. The agency is taking appropriate action with staff involved in the incident and is reinforcing training on protecting sensitive information and reviewing regulations, policies and procedures in this area. NCUA is also moving as quickly as possible to consider and adopt additional safeguards to protect electronic data.

CMG Releases January 2015 Credit Union Trends Report

CUNA Mutual Group has released its January 2015 Credit Union Trends Report last week.

According to the report, during November, credit union members borrowed and spent, credit unions recapitalized, inflation dropped, the labor market strengthened and economic growth accelerated.

Other highlights include:

- The nation's credit unions increased their loan portfolios 0.6% in November, a slight acceleration relative to the 0.5% pace set in November 2013.



- Loan balances rose 10.5% during the last 12 months, the fastest pace since January 2006.
- Credit union memberships rose 303,000 in November to reach 101.9 million, a 0.3% increase from October, and 3.6% year to date.

For more highlights and the full report, please visit www.njcul.org/trends.aspx.

This aspect of the NJCUL Web site is limited to members only and is password protected. To request a login, visit www.njcul.org/Secure/Register.aspx.

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Matz to Host Cordray at Town Hall Webinar Register Now to Join an In-Depth Discussion of NCUA, CFPB Regulatory Issues

ALEXANDRIA, Va. – NCUA Board Chairman Debbie Matz will host her fourth town hall Webinar with Richard Cordray, Director of the Consumer Financial Protection Bureau (CFPB), on Tuesday, Feb. 10, beginning at 3 p.m. Eastern.

“My joint Webinar with CFPB Director Cordray has become an annual event, and our conversations with credit union officials are always informative,” Matz said. “This Webinar gives credit union leaders and compliance officials the opportunity to communicate directly with regulators and get answers to important questions. I encourage anyone who is interested in consumer and credit union regulations to join us.”

Online registration for the Webinar is now open and available [here](#). Participants will use this same link to log into the Webinar, and they should allow pop-ups from this Web site.

During the Webinar, participants will be able to submit questions and receive answers about any topic relating to the credit union system or the work of CFPB. Participants also can submit advance questions at WebinarQuestions@ncua.gov. The subject line of the email should read, “NCUA-CFPB Town Hall.”

For technical questions about accessing the free Webinar, please send an email to audience.support@on24.com.

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Tomorrow: VirtualCorps Webinar on How to Help Your CU Avoid Department of Labor/ERISA Audit Fines

VirtualCorps.com™

**VirtualCorps Webinar:
How to Avoid Department of Labor/ERISA Audit
Fines
Tuesday, January 20, 2015
3 p.m. to 4 p.m.**

The Affordable Care Act, ERISA and HIPPA are just a few of the areas under close regulatory and compliance scrutiny. The Department of Labor will be ramping up its audit activities in all industries over the upcoming years. Banks and Credit Unions have no immunity from these requirements.

Are you confident your human resources practices will ace an audit?

Tomorrow's VirtualCorps Webinar titled "How to Avoid Department of Labor/ERISA Audit Fines" will highlight key requirements and discuss methods for meeting them. It will also provide concepts that are foundational to human resources practices.

This Webinar is informative for Human Resources Directors, CEOs, CFOs, and Board members.

Time: 3 p.m. to 4 p.m.

Cost:

Live Webinar Only: \$99

Recorded Version Only: \$99

Live Webinar & Recorded Version: \$125

Registration

To register and pay by check, email Mary Zelinsky at mzelinsky@njcul.org and your credit union will be invoiced. To register and pay online, click [here](#).

EDUCATION CANCELLATION POLICY: NJCUL must receive written cancellation in our office seven (7) days prior to the education session in order for you to receive a refund; substitutions only after this date. All cancellations will be subject to a \$25 cancellation fee.



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Senate Finance Committee Launches 5 Tax Reform Working Groups

WASHINGTON – Senate Finance Committee leadership announced the launch of five bipartisan tax-issue working groups.

An announcement from committee Chair Orrin Hatch (R-Utah) and the panel's ranking member, Sen. Ron Wyden (D-Ore.), said the groups will analyze current tax law and examine policy trade-offs and available reform options within each group's designated topic areas.

Each group will be co-chaired by one Republican and one Democrat member.

The tax staff is currently assessing what tax issues would fall under which working group.

In a meeting with Senate Finance senior staff Thursday, CUNA was told that the working group chairs will have wide discretion over what they will consider. CUNA is working closely with tax staff as the purview of each working group is determined.

Preserving the credit union tax status remains a top CUNA priority. Just last week, CUNA President/CEO Jim Nussle greeted each member of the 114th Congress as they arrived in Washington with a letter regarding credit union priorities for the next two years, which sought the lawmakers engagement to protect the credit union tax status.

"Credit unions play an important role in your state and district, providing financial services to your constituents, including savings and checking accounts, mortgage, auto, personal and business lending," Nussle wrote. "To continue these important services, we need help from Congress to protect the credit union tax status, remove regulatory barriers that prevent credit unions from fully serving their members, and hold merchants accountable for data breaches."

Policy focus areas for the working groups include Individual income tax, business income tax, savings and investment, international tax, and community development and infrastructure.

Each group is expected to work directly with the nonpartisan Joint Committee on Taxation (JCT) to produce an "in-depth analysis of options and potential legislative solutions" within its assigned area. The Finance Committee announcement said the goal is to have one final and comprehensive analysis delivered to Hatch and Wyden by the end of May.

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Live Webinar and Q&A from CMG: Managing Risks for Emerging Payments

**Managing Risks for Emerging Payments
Wednesday, February 11
2 p.m. EDT (90 minute deep dive)**

[Register](#) for CUNA Mutual Group's live, deep-dive "Managing Risks for Emerging Payments" Webinar as a panel of risk management and product specialists from CUNA Mutual Group and CO-OP Financial Services walk you through the risks, impact and experiences for emerging payment technologies such as Apple Pay, tokenization, etc. to better protect your credit union.

Technology in the payments space is constantly evolving to improve member experience and reduce risk. This array of options may make it difficult to select the right fit for your credit union's needs.

This Webinar is free for CUNA Mutual Group policyholders. So please

The Federal Reserve for CUNA Mutual Group policyholders. Do please don't delay...[register today!](#)



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December 2014 NCUA Board Meeting Video Now Available Online

ALEXANDRIA, Va. – The [video recording](#) of the December 2014 open meeting of the NCUA Board is now available on the agency's Web site.

Archived videos of past Board meetings may be viewed [here](#), and each video remains on the site for one year.

The December open Board meeting's agenda included three items:

- A Notice and Request for Comment under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 to identify rules for possible modification, simplification or repeal.
- A final rule to assist underwater homeowners by allowing federally insured credit unions to refinance or modify real estate loans without obtaining an additional appraisal.
- An 8.9% reduction in the Temporary Corporate Credit Union Stabilization Fund oversight budget for 2015.

NCUA posts these videos as part of the agency's ongoing efforts to provide transparency and to allow those unable to attend Board meetings the opportunity to become better informed. An interval between the meeting and posting is necessary for the videos to comply with Section 508 of the Rehabilitation Act for the hearing and visually impaired.

The [Board Actions](#) page of NCUA's Web site has more information, including Board agendas, which are posted one week in advance of each open meeting, copies of Board Action Bulletins, which summarize the meetings, copies of Board memorandums and other documents.

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SunCorp and Alloya Receive Regulatory Approval to Merge

WESTMINSTER, Colo. and WARRENVILLE, Ill. – System United Corporate Federal Credit Union (SunCorp) and Alloya Corporate Federal Credit Union (Alloya) announced that the National Credit Union Administration (NCUA) has approved the application for SunCorp to merge into Alloya.

The members of SunCorp will now be asked to vote on the plan next month. If approved, the merger is expected to be completed by February 28, 2015. SunCorp will host town hall meetings and

February 20, 2018. SunCorp will host town hall meetings and Webinars for members in advance of the vote.

As previously [announced](#), the combined corporate's name will be Alloya Corporate. It will serve members coast to coast from five offices (including Westminster), with member contact staff in all four U.S. continental time zones. Alloya will retain approximately half of SunCorp's employees.



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Credit Unions, Mark Your Calendars

HIGHTSTOWN, N.J. – The New Jersey Credit Union League would like you to mark your calendars for these upcoming events:

NJCUL Education

January 20 -- [VirtualCorps Webinar: How to Avoid Department of Labor/ERISA Audit Fines](#)

February 3 -- [VirtualCorps Webinar: Why a Payday Alternative Loan May Be Helpful to Many of Your Members](#)

February 10 -- [CFO Roundtable: Managing Operating Costs and More!](#)

February 10 -- [VirtualCorps Webinar: Understanding, Locating and Evaluating Auto Loan Participations](#)

February 11 -- [NJ DNA Dinner Meeting](#)

February 17 -- [VirtualCorps Webinar: How to Develop a Simple Investment Strategy for Your Excess Liquidity](#)

February 24 -- [Free Information Session with Your Marketing Co.](#)

March 3 -- [Executive Leadership Series Session: Six Essentials for Keeping Your Financial Institution Relevant](#)

Industry Events

January 21 -- [NCUA Webinar on Revised RBC Proposal](#)

January 26 -- [CUNA's Update on NCUA's Risk Based Capital Proposal Webinar](#)

January 28 -- [Southern Chapter Meeting: Elections to Be Held](#)

February 2 -- [Applications Open for NCUA Low-Income Credit Union Grant Round](#)

February 10 -- [NCUA Chairman's Town Hall Meeting with CFPB Director Cordray](#)

March 8-12 -- [CUNA's 2015 GAC](#)

April 13-15 -- [2015 CU Reality Check at the Golden Nugget Atlantic City](#)

April 28 -- [NJCUL's 27th Annual Golf Tournament](#)

May 20-21 -- [CU Direct's Automotive Lending & Marketing Conference](#)

June 1 -- North Jersey Federal Credit Union Foundation's Annual Golf Outing

June 5 -- [Reality Fair at Thomas Wallace School](#)

June 10 -- [Reality Fair at Ewing High School](#)

July 20 -- Garden Savings FCU's 5th Annual Golf Outing at Fiddler's Elbow Country Club

September 28 -- Picatinny Federal Credit Union 17th Annual Golf Outing

October 4-6 -- NJCUL's 81st Annual Meeting & Convention

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