

September 2009

SimpliCD Program News

Is your credit union looking to expand your liquidity/funding sources? This newsletter, courtesy of Balance Sheet Solutions, LLC, explores the key benefits of issuing SimpliCD certificates.

Program *Update*

Connecting Credit Unions with Brokered CDs



SimpliCD *Learn more about our jointly-owned program.*

Another Source for Liquidity – SimpliCD Issuance

Lately, many credit unions have been looking into additional liquidity sources. Some have received recommendations from their examiners to expand their sources for liquidity (and to explore options beyond the Federal Home Loan Bank and/or corporate credit unions). Other credit unions have been testing various sources noted in their liquidity policy to see how quickly and readily those sources are available.

For these reasons, as well as the competitive pricing, Balance Sheet Solutions has seen an increase in the number of credit unions issuing SimpliCD certificates to meet their funding needs – up 30-40% during the summer alone. SimpliCD, while often considered from the investment side only, offers an easily accessible route to liquidity for many credit unions.

SimpliCD issuance rates are currently one of the most flexible and least costly liquidity options available for credit unions. For the week of September 14, 2009, issuance rates range as follows.

6-month	0.80% - 0.98%
1-year	1.15% - 1.35%
1.5-year	1.50% - 1.70%
2-year	2.00% - 2.15%

The ranges in rates reflect the flexibility of the program. Credit unions can choose the issuance rate that best fits their needs. If they would like to generate funds quickly, the higher side of the percentage range would likely apply. In addition, the greater the dollar amount desired would also suggest the higher side of the range. This is because investors tend to pick the top rates first. Only if an investor is looking to invest more than the single certificate-insured limit of \$250,000, would they look to the second, third or fourth issuer, and so on.

Credit unions looking to test SimpliCD as a liquidity source can choose to issue a smaller amount at the lower end of the range. Reason: there are usually SimpliCD investors that have already invested and reached their insurance maximum in the institutions issuing at higher-ranges. These investors could invest in new issuers at the lower rates to fill their investment needs.

Continued on back.



How to Participate

Given the many advantages offered by the SimpliCD program, participation has soared. Currently, we serve nearly 900 credit unions.

If you wish to take part, please contact your Senior Business Consultant (Members United) or Account Executive (Balance Sheet Solutions). Or call 800-782-2431 and ask to be connected. You do not have to be a Balance Sheet Solutions client to participate.

Other benefits of issuing through the SimpliCD program include:

- It is one of the few sources available to credit unions for gaining liquidity without pledging collateral for a loan.
- Access to a national market of credit union investors.
- The ability to pool investors into one certificate per maturity date, saving the credit union time and money. Just one signature card is completed, and one monthly check issued for the interest on that certificate.
- The ability to issue at terms and rates the credit union determines work best for its asset/liability needs.
- There is no direct expense or fee for issuing SimpliCD.

Whether the credit union is looking to issue a small amount (\$1 million or less), or needs to raise a large amount (we have assisted credit unions that have raised \$100 million or more through SimpliCD issuance), Balance Sheet Solutions is here to help.

If your credit union is thinking about issuing SimpliCD certificates, a basic requirement applies. The issuing credit union must ensure that its policies allow for non-member deposits and specify to what level. Once this status is confirmed, there is just one form to complete to get started in the program – and Balance Sheet Solutions can assist a credit union in issuing SimpliCD certificates as quickly as needed. For more information about this program, please call your Account Executive at 800-782-2431, option 4.

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