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# 2008 Annual Report





# For 75 Years

## Proudly Serving You & Safeguarding Your Money!

From humble beginnings back in 1934 – we started out with deposits of \$91.75 – USPS FCU has enjoyed spectacular success.

### **Our balance sheet now boasts assets of \$198 million!**

But some things haven't changed at all: our focus remains solely on our members' financial well-being, our standards have never been compromised and our bottom line continues to show tremendous growth. We've come a long way in these 75 years, but in many ways, we're right where we started!

#### ***USPS FCU Focuses On Financial Responsibility:***

- *USPS FCU is member-owned and not-for-profit. We provide low loan rates, high returns on savings, wonderful convenience and excellent member service.*
- *USPS FCU holds educational seminars so members can better manage their hard-earned funds as we work to make members strong and independent, not financially weak and dependent; we seek to empower members, not entrap them.*
- *USPS FCU balance sheets have always been strong and they'll continue to be strong long after today's financial woes have passed into history.*
- *USPS FCU deposits are federally insured through the National Credit Union Administration, an agency of the U.S. government, to at least \$250,000 per deposit account (and up to that amount for retirement accounts).*
- *USPS FCU deposits are further protected by Excess Share Insurance for an additional \$250,000 (up to \$500,000 total combined coverage on Savings and up to that amount on IRAs).*

*Your Credit Union is safe and sound. Throughout our 75-year history, we've grown your assets and safeguarded your future. We're completely focused on your financial security and conduct our business responsibly. We're committed to providing the best in financial products, services, convenience – and safety!*





# *A Look Back...*

## *Some Noteworthy Events From 1934:*

- *Helen Richey Becomes First Woman To Pilot An Airmail Transport*
- *Franklin D. Roosevelt Signs Home Owners Loan Act*
- *Franklin D. Roosevelt Signs Federal Credit Union Act Establishing Credit Unions*
- *First Un-perforated, Un-gummed U.S. Stamp*
- *James A. Farley Served As Postmaster General*
- *Congress Enacts The "Mailbox Rule" To Keep Unstamped Matter Out Of Mailboxes*
- *The Cost To Mail A Domestic Letter Was 3 Cents*
- *The National Parks Issue Of Stamps Was Released*



*"We have been helping people for seventy-five years and U. S. Postal Service Federal Credit Union can help you now... Together we will come through this period and we will emerge stronger."*





# U. S. Postal Service Federal Credit Union

## Chairman's Speech – May 8, 2009

It was in the turbulent economic times of 1934 that seven postal workers with a common cause established this Credit Union. They weren't doing this for personal gain but for the greater good of other postal people. It took vision, courage, belief and hope to create a financial institution from scratch when banks around it were failing and confidence in financial institutions was questioned. During the past year, the nation and the world has experienced economic turbulence not seen since the 1930's. We have seen some of the better-known names fail and go away while others remain thanks to taxpayer provided life support.

Perhaps the inspiration for establishing the Credit Union came from the Postal Service itself. A 1933 bulletin from the Office of the Postmaster General described credit unions well when it said, "The purposes are to supply the members with a simple, convenient system for saving money and making it possible for them, with their own savings and under their own management, to take care of their own short-term credit problems at reasonable rates of interest...The member who joins to borrow should thereupon also start to save and continue to save after the loan is paid."

A few months after that bulletin, in March 1934, your Credit Union was established as the Post Office Department Credit Union of the District of Columbia. At the end of April, the Credit Union had \$91.75 in assets, nineteen members and no borrowers but by May assets had grown to \$208.25, members totaled 32 and the first loan for \$50 had been issued. We ended 2008 with \$193 million in assets, over 24,000 members in all fifty states and \$160 million in loans. Net income was \$743 thousand. Credit unions depend on savings to grow and despite a national savings rate averaging 1% over the past five years, the Credit Union growth has averaged over 7% for the same period. In 2008, the Credit Union grew 8.7%.

While much happened during the past year, the most significant event during 2008 was welcoming the members of the Raleigh Post Office Employees Federal Credit Union to USPS FCU.

***"Over these seventy-five years your Credit Union has helped countless postal people stretch their paychecks further."***

The Raleigh Postal Credit Union was the first credit union established in North Carolina and we are working to bring broader postal credit union services to postal people in and around Raleigh and points east.

While the past year presented challenges for all, your Credit Union, through your continued use and support, weathered the conditions well. Net worth or the capital base, is a measure of an organization's strength to weather difficult times like these and to absorb any losses. Your Credit Union's net worth exceeds 11%, which is considered well capitalized. Our largest investments are in the loans of our members. While delinquency in those loans has increased to levels not seen since the late 1980's, we believe in our members and we believe we have an appropriate capital base in relation to credit risk. Despite a falling rate environment, our strong capital base enabled your Credit Union to continue paying dividends fifty basis points, or ½ percent higher than peer credit unions. When you save with USPS FCU, you make money every day including holidays, weekends and days the financial markets are closed.

In addition, our federal regulator provides deposit insurance up to \$250,000 for individuals and the Credit Union provides an additional \$250,000, which totals up to individual coverage of \$500,000. Your funds are safe at U.S. Postal Service Federal Credit Union and your Board pledges to you, the members of USPS FCU, that we will continue to be worthy stewards of your hard earned savings.

President Obama recently said, "We have lived through an era where too often short-term gains were prized over long-term prosperity...People bought homes they knew they couldn't afford from banks and lenders who pushed those bad loans





*“It took vision, courage, belief and hope to create a financial institution from scratch when banks around it were failing and confidence in financial institutions was questioned.”*

anyway. And all the while, critical debates and difficult decisions were put off for some other time on some other day...What is required now is for this country to pull together, confront boldly the challenges we face, and take responsibility for our future once more.” We have been helping people for seventy-five years and U. S. Postal Service Federal Credit Union can help you now. We can help you acquire the skills you need to manage your money effectively so you can live well below but not above, your means. We can help you avoid fees, we can help you earn more on your money and in those times when you need to borrow, we can help you there too. Together we will come through this period and we will emerge stronger.

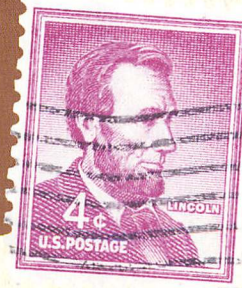
Credit unions are built on relatively simple concepts of people helping people. Members pool their savings and that pool of funds is used to make loans to other members. We must all work to close the gap between “the haves and the have-nots” and the Credit Union must not only continue its member education efforts, but increase the frequency and availability because as a cooperative, your Credit Union has a commitment to provide education to its members. Together we will continue moving forward.

March 1934 –

*establishment of Post Office Department  
Credit Union of the District of Columbia –  
\$91.75 in assets, 19 members, no loans*

December 2008 -

*\$193 million in assets, 24,000+ members  
in 50 states, \$160 million in loans*



Over these seventy-five years, your

Credit Union has helped countless postal people stretch their paychecks further. We have helped people acquire homes, lower their payments by consolidating debt, earn more on their savings and build a more solid financial future.

None of what we have done would be possible were it not for the support provided by the Postal Service. The space and access is a benefit the Postal Service provides so Credit Union services can be offered to you on site. This saves members time, money and reduces stress. We give a hearty and genuine thank you to what has been and continues to be, consistent support from the postal leaders over all these seventy-five years. Thank you U.S. Postal Service.

While your Credit Union has grown and is strong, we are not content with being satisfied with what we are and we believe not moving forward is akin to moving backwards. It is an honor to serve on this volunteer board and with honor comes responsibility. We are pleased with the overall performance of your Credit Union during trying economic times and we look forward to continuing to build a better member-owned credit union to meet your needs today and into the future.





# Financial Statements

Years Ended December 31, 2008 And 2007

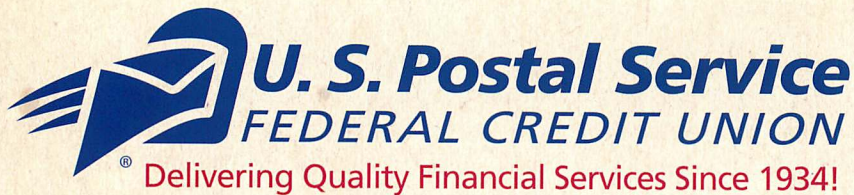
<b>ASSETS</b>	<b>2008</b>	<b>2007</b>
Cash and Cash Equivalents	\$ 5,613,450	\$ 6,801,651
Deposits in Other Financial Institutions	8,098,880	1,397,050
Securities - Available for Sale	14,738,727	5,613,292
Loans, Net	160,226,828	159,382,774
Accrued Interest Receivable	765,028	659,777
Property and Equipment, Net	395,765	479,056
NCUSIF Deposit	1,516,279	1,410,708
Other Assets	1,615,171	1,755,303
<b>Total Assets</b>	<b>\$ 192,970,128</b>	<b>\$ 177,499,611</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>LIABILITIES</b>		
Members' Share and Savings Accounts	\$ 168,580,941	\$ 154,043,450
Borrowed Funds	-	154,225
Interest Payable	895,016	974,134
Accrued Expenses and Other Liabilities	1,016,678	884,745
<b>Total Liabilities</b>	<b>170,492,635</b>	<b>156,056,554</b>
Commitments and Contingent Liabilities		
<b>MEMBERS' EQUITY</b>		
Regular Reserves	2,115,817	2,020,092
Undivided Earnings	100	100
Other Reserves	20,159,048	19,373,966
Accumulated Other Comprehensive Income	202,528	48,899
<b>Total Members' Equity</b>	<b>22,477,493</b>	<b>21,443,057</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 192,970,128</b>	<b>\$ 177,499,611</b>
<b>INTEREST INCOME</b>		
Loans	\$ 11,413,884	\$ 11,196,217
Securities and Interest Bearing Deposits	745,469	929,240
<b>Total Interest Income</b>	<b>12,159,353</b>	<b>12,125,457</b>
<b>INTEREST EXPENSE</b>		
Members' Share and Savings Accounts	5,044,407	5,239,069
Interest on Borrowed Funds	1,072	647
<b>Total Interest Expense</b>	<b>5,045,479</b>	<b>5,239,716</b>
<b>Net Interest Income</b>	<b>7,113,874</b>	<b>6,885,741</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>1,306,663</b>	<b>793,425</b>
<b>Net Interest Income After Provision For Loan Losses</b>	<b>5,807,211</b>	<b>6,092,316</b>
<b>NON-INTEREST INCOME</b>		
Service Charges and Fees	2,848,463	2,590,875
Other Non-Interest Income	895,552	895,008
Net Gain on Sale of Assets	3,818	247
<b>Total Non-Interest Income</b>	<b>3,747,833</b>	<b>3,486,130</b>
<b>NON-INTEREST EXPENSE</b>		
General and Administrative		
Employee Compensation and Benefits	4,656,249	4,465,990
Office Occupancy and Operations	1,197,846	1,229,539
Other Operating Expenses	2,957,578	2,516,231
<b>Total Non-Interest Expense</b>	<b>8,811,673</b>	<b>8,211,760</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 743,371</b>	<b>\$ 1,366,686</b>



	Regular Reserve	Undivided Earnings	Other Reserves	Accumulated Other Comprehensive Income (Loss)	Total
<b>BALANCE AT DECEMBER 31, 2006</b>	<b>\$ 2,020,092</b>	<b>\$ 100</b>	<b>\$ 18,007,280</b>	<b>\$ (81,766)</b>	<b>\$ 19,945,706</b>
Comprehensive Income:					
Net Income	-	1,366,686	-	-	1,366,686
Other Comprehensive Income:					
Change in Unrealized Gain/Loss on Securities Available for Sale	-	-	-	130,665	130,665
Total Comprehensive Income					1,497,351
Net Discretionary Transfers	-	(1,366,686)	1,366,686	-	-
<b>BALANCE AT DECEMBER 31, 2007</b>	<b>2,020,092</b>	<b>100</b>	<b>19,373,966</b>	<b>48,899</b>	<b>21,443,057</b>
Merger Entry-Equity Accounts of Raleigh Postal Employees Credit Union	95,725	-	41,711	-	137,436
Comprehensive Income:					
Net Income (Loss)	-	743,371	-	-	743,371
Other Comprehensive Income:					
Change in Unrealized Gain/Loss on Securities Available for Sale	-	-	-	153,629	153,629
Total Comprehensive Income:					897,000
Net Discretionary Transfers	-	(743,371)	743,371	-	-
<b>BALANCE AT DECEMBER 31, 2008</b>	<b>\$ 2,115,817</b>	<b>\$ 100</b>	<b>\$ 20,159,048</b>	<b>\$ 202,528</b>	<b>\$ 22,477,493</b>







*Board Of Directors*

Chairman.....	Michael E. McCartney
Vice Chairman/Director of Technology/Operations .....	Richard E. Gatewood
Secretary/Treasurer/Director of Finance.....	Timothy S. Gavagan
Director of Membership.....	Thomas E. Dale, Jr.
Director of Marketing .....	Richard Yessian
Director of Human Resources.....	A. Patrick Brown
Director of Strategic Planning .....	Gilbert A. Ford, Jr.

*Supervisory Committee*

Chairman.....	Robert J. Pedersen
Member .....	Amy Rose
Member .....	Darryl Williams
Member .....	Martha Williams-Brown
Member .....	Thomas E. Dale, Jr.

**Administrative Office**

7905 Malcolm Road, Suite 311  
 Clinton, MD 20735-1730  
 8:00 a.m. – 4:30 p.m. EST  
 (800) USPS FCU (877-7328)  
 (301) 856-5000 • FAX (301) 856-4061  
 No Cash Transactions

**Branch Locations**

**Washington, D.C.**

475 L'Enfant Plaza W., S.W.  
 Suite 1507  
 Washington, DC 20026-3789  
 FAX (202) 484-8860  
 Monday – Friday: 9:00 a.m. – 4:30 p.m.  
 Teller Transactions • Cash Transactions  
 9:00 a.m. – 3:30 p.m.

**Maryland**

9201 Edgeworth Drive  
 Suite 1123  
 Capitol Heights, MD 20791-6651  
 FAX (301) 350-1284  
 Monday – Friday: 9:00 a.m. – 3:30 p.m.  
 No Cash Transactions

**Virginia**

8409 Lee Highway  
 Merrifield, VA 22116-0121  
 Monday – Friday: 8:00 a.m. – 4:00 p.m.  
 No Cash Transactions  
 1735 N. Lynn Street, 2nd Floor  
 Arlington, VA 22209  
 Monday – Friday: 1:30 p.m. – 3:00 p.m.  
 No Cash Transactions

**Pennsylvania**

1001 California Ave.  
 Pittsburgh, PA 15290  
 FAX (412) 231-5800  
 Monday – Friday: 8:00 a.m. – 4:00 p.m.  
 Teller Transactions • Cash Transactions  
 300 Brush Creek Rd.  
 Warrendale, PA 15095  
 FAX (724) 776-6620  
 Mon., Wed., Fri.: 8:00 a.m. – 3:00 p.m.  
 No Cash Transactions

**California**

10919 Sepulveda Blvd.  
 Mission Hills, CA 91346-7851  
 FAX (818) 361-1651  
**NEW HOURS:** Monday – Friday:  
 10:00 a.m. – 4:30 p.m.  
 No Cash Transactions

**North Carolina**

1 Floretta Place  
 Raleigh, NC 27675  
 Monday – Friday: 7:30 a.m. – 3:00 p.m.  
 No Cash Transactions

**Internet/Remote Access**

www.uspsfcu.org  
 E-mail: uspsfcu@uspsfcu.org  
 QUE (Telephone Teller)  
 (800) 877-7328  
 (301) 856-5000  
 CU E-LINK: www.uspsfcu.org  
 VISA® System Center  
 (800) 815-7678  
 Routing Number: 254075441

*“We give a hearty and genuine thank you to what has been and continues to be, consistent support from the postal leaders over all these seventy-five years.”*