

Inspiring the Future



2024
ANNUAL
REPORT



Michigan Educational
Credit Union

Mission Statement



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To provide members with quality,
comprehensive, cost effective financial services



83rd Annual Meeting

Wednesday,
April 23, 2025
7:00 p.m.
Business Meeting

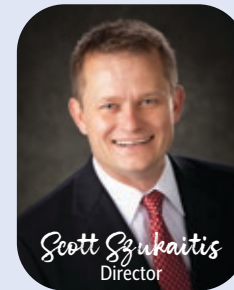
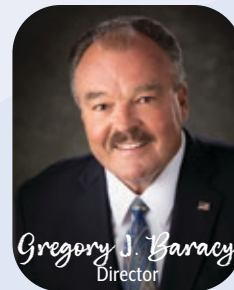
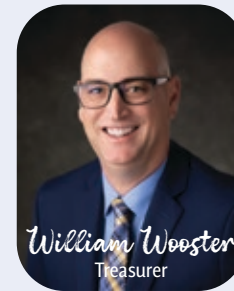
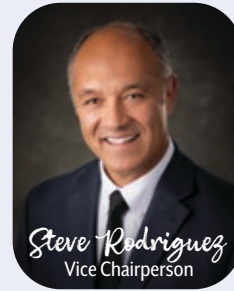
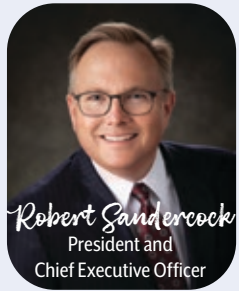


Schoolcraft College
Vistatech Center
18600 Haggerty Road
Livonia, MI 48152

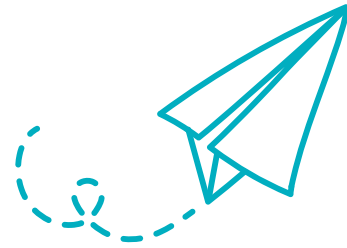
Agenda

- Brief Reports
- Introductions and Recognitions
- Elections
- Old Business
- New Business
- Door Prizes
- Light Refreshments

Board of Directors



Report from the Chairperson of the Board



Alonzo Glaze

In 1942, 28 teachers pooled their assets to create this credit union. We've come a long way since the initial moment of inspiration. More than 80 years later, Michigan Educational Credit Union continues to inspire by serving the members' financial needs and showing support for the schools and community.

Despite challenging economic circumstances in recent years, MECU has earned another national recognition for its strength and stability. In December, BauerFinancial awarded Michigan Educational Credit Union a 5-Star Superior rating for the 132nd consecutive quarter, making it a "Best of Bauer Credit Union" for securing the 5-Star rating for 25 years or longer. A 5-Star Superior rating indicates that MECU is one of the strongest credit unions in the nation, excelling in areas of capital, loan quality, profitability and more.

In 2012, MECU expanded its field of membership beyond school employees and their families to include community members in six counties. Since then, we've aspired to play an active role in the communities that we serve. Every year we find new ways to get involved. In 2024, we hosted a book drive to benefit the non-profit literacy initiative Rx for Reading Detroit, collecting more than 5,000 new and gently used children's books in our branches. We also enjoyed teaming up with the Royal Oak Leprechauns, an MLB affiliated summer collegiate baseball team that plays around the corner from our Royal Oak branch. MECU supported numerous local events, including the Livonia Home Show, the Diversity Expo in Royal Oak, Pumpkin Palooza and the Good Morning USA Parade in downtown Plymouth, and Summer Sips and Zoo Boo at the Detroit Zoo. We also continued our support of C.S. Mott Children's Hospital, the SJ5K race, and the WYCD St. Jude Children's Research Hospital Radiothon, as well as other local charities.

With our educational roots, MECU has always been a big supporter of our schools. In 2024, we were proud to sponsor the Northville Parent Camp, the P-CCS Mental Health & Wellness Fair, Wayne-Westland Community Schools' G.E.M. Awards, the Northville STEAM Fair, several events at Schoolcraft College, and numerous welcome back events and golf outings for local districts. In addition, we sponsored programs to benefit teachers, like 93.5 WHMI's Making the Grade contest and Big Jim's Teacher Wish Lists campaign with 94.7 WCSX.

At Michigan Educational Credit Union, our inspiration has always come from our members. Your continued loyalty and support has enabled us to become the successful institution that we are today.

Alonzo Glaze, Board Chairperson

Report from the President & CEO



Robert Sandercock

Michigan Educational Credit Union made great strides in 2024. It was a financially successful year in many regards, with growth in assets, total member shares and deposits, and net income. Despite an anticipated decrease in total loans, we did enjoy a healthy 16% boost to the home equity portion of our loan portfolio.

Perhaps our greatest feat in 2024 was our Digital Banking conversion. Many months in the planning, the actual launch took place in June, when we replaced our old Home Banking and Mobile Banking services with a faster, simpler, and more secure solution. Thanks to the hard work of our team, the transition was a success. The new Digital Banking platform has enhanced the member experience with expanded features and less downtime.

Fraud prevention remains a priority. As a result, we upgraded our ATM fleet with new hardware and software to deter and prevent losses, and we incorporated new enhancements into our debit card program to aid in early detection of fraudulent transaction activity.

Of course, the heart of our business is helping our members. In 2024, we were pleased to offer some of the best share certificate rates in the area, and many members took advantage of the opportunity to give their savings a lift. For those carrying high interest credit card debt, our 3.99% APR balance transfer offer helped them to consolidate and reduce their monthly payments. MECU remains one of the few financial institutions that doesn't charge a fee for balance transfers.

As we look ahead, we'll continue to find ways to help members achieve their financial goals. Already in 2025, we've helped hundreds of members save money by refinancing their auto loans from other lenders at MECU's lower rates. We also plan to run a series of promotional campaigns through Mastercard to help us grow our credit card portfolio and to help members find added value in their MECU credit and debit cards.

With our members' continued support and patronage, the future looks bright for Michigan Educational Credit Union. It is an honor and a privilege to serve this membership.

Robert Sandercock, President & Chief Executive Officer

Report from the Audit Committee



The primary responsibility of the Audit Committee is to ensure that the Credit Union is being managed soundly and that members' assets are being adequately safeguarded. The Audit Committee makes sure the Board of Directors and Credit Union management meet required financial reporting objectives and establish sufficient policies, practices and procedures to protect members' assets.

The committee engaged the Certified Public Accounting firm of Plante Moran to audit the Credit Union's financial statements for the year ended December 31, 2024. Plante Moran completed their 2024 audit of the Credit Union's financial statements and issued an unmodified opinion on February 14, 2025. The condensed financial information appearing in this report has been derived from those audited financial statements.

Based upon the annual financial statement audit, other regulatory and compliance audits, as well as our regular monitoring processes, the committee believes your Credit Union continues to be run in a safe and sound manner.

Steve Rodriguez, Audit Committee Chairperson



Balance Sheet

Michigan Educational Credit Union and Subsidiary
Consolidated Statements of Financial Condition
Years Ended December 31, 2023 and 2024

	December 2023	December 2024
ASSETS		
Cash and Cash Equivalents	\$ 45,691,995	\$ 130,980,590
Investment Securities – Available-for-Sale	412,038,407	377,092,405
Other Investments	990,309	987,853
Loans – Net of Allowance for Credit Losses	514,007,912	486,241,293
Premises and Equipment – Net	7,575,970	7,430,560
Accrued Interest Receivable	2,796,190	2,473,496
FHLB Stock	1,591,500	1,591,500
Corporate Capital	1,600,000	1,600,000
NCUSIF Deposit	9,055,732	8,861,766
Other Assets	11,105,705	11,802,248
TOTAL ASSETS	\$ 1,006,453,720	\$ 1,029,061,711
LIABILITIES & EQUITY		
Members' Shares and Savings Accounts	\$ 915,162,075	\$ 923,174,007
Accrued and Other Liabilities	7,700,409	8,445,430
Undivided Earnings	119,085,750	122,719,561
Accumulated Other Comprehensive (Loss)	(35,494,514)	(25,277,287)
TOTAL LIABILITIES & MEMBERS' EQUITY	\$ 1,006,453,720	\$ 1,029,061,711

Income Statement

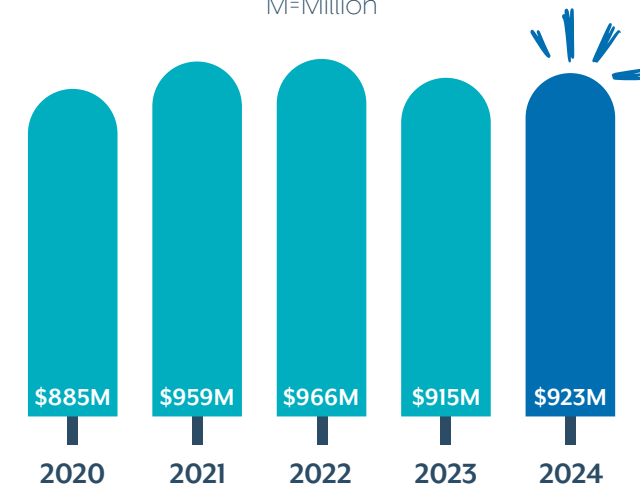
Michigan Educational Credit Union and Subsidiary
Consolidated Statements of Operations
Years Ended December 31, 2023 and 2024

	December 2023	December 2024
INTEREST INCOME		
Loans	\$ 22,294,655	\$ 24,470,912
Investment Securities	7,875,067	10,390,272
TOTAL INTEREST INCOME	\$ 30,169,722	\$ 34,861,184
INTEREST EXPENSE		
Members' Shares and Deposits	\$ 4,395,581	\$ 8,301,441
TOTAL INTEREST EXPENSE	4,395,581	8,301,441
NET INTEREST INCOME	25,774,141	26,559,743
Provisions for Credit Losses	1,503,838	710,000
Net Interest Income After Provision for Credit Losses	\$ 24,270,303	\$ 25,849,743
NON-INTEREST INCOME		
Interchange Fees and Service Charges	\$ 3,099,722	\$ 3,175,873
Other	1,321,652	992,625
TOTAL NON-INTEREST INCOME	\$ 4,421,374	\$ 4,168,498
NON-INTEREST EXPENSE		
Salaries and Employee Benefits	\$ 11,694,791	\$ 12,651,159
Occupancy and Equipment	2,513,140	2,368,620
Operations	6,128,589	6,266,317
Loan Servicing	3,530,772	3,634,011
Professional Services	373,348	520,550
Other	970,188	943,773
TOTAL NON-INTEREST EXPENSE	25,210,828	26,384,430
NET INCOME	\$ 3,480,849	\$ 3,633,811

Historical Growth of Shares & Reserves

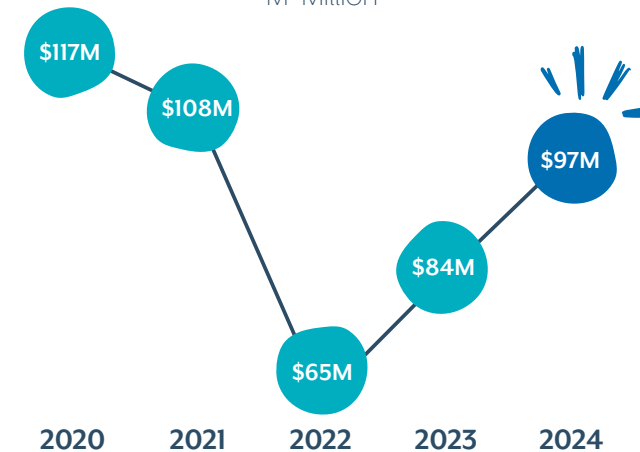
Total Members' Shares and Deposits

M=Million



Total Reserves and Undivided Earnings

M=Million



Report from the Treasurer



William Wooster

Between March 2022 and July 2023, the Federal Reserve hiked interest rates by more than five percentage points in an attempt to contain inflation and improve employment levels. Financial institutions across the country, including Michigan Educational Credit Union, scrambled to adjust to the rapid changes and manage their liquidity positions. The impact of the rate hikes continued to resonate well into 2024.

Following an intentionally conservative lending plan in response to the market changes, MECU experienced a 5% reduction in overall loan activity in 2024. While we noticed a sizeable drop in auto loan activity, our home equity loans and lines of credit were still in high demand, growing by nearly 16%. When interest rates are trending high, we're happy to be able to offer members this affordable loan option for home improvements, bill consolidation and other major expenses.

After a slight decline over the past two years, our assets grew by 2% in 2024, helping us to maintain our position above the \$1 billion mark. We also saw a small increase in total member shares and deposits, up by \$8 million to \$923 million. Members showed their appreciation for our special rate offers on share certificates, lifting the total balance on these deposits by a substantial 28%. Finally, we improved our bottom line by 4%, ending the year with approximately \$3.6 million in net income.

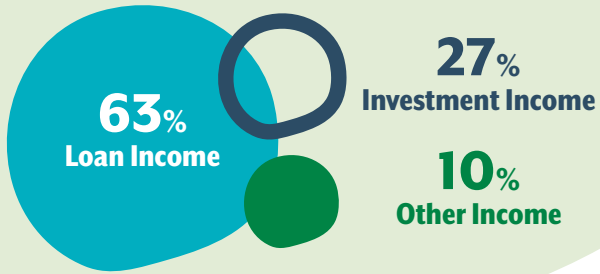
With an improved liquidity position and rate environment, we look forward to getting back to a more aggressive loan strategy in 2025. Despite the challenges over the past couple of years, Michigan Educational Credit Union has proved yet again to be a solid and resilient financial institution.

William Wooster, Treasurer

A 10-Year History

ASSETS		LOANS
\$1 BILLION	2024	\$486 MILLION
\$1 BILLION	2023	\$514 MILLION
\$1 BILLION	2022	\$522 MILLION
\$1.1 BILLION	2021	\$449 MILLION
\$1 BILLION	2020	\$494 MILLION
\$876 MILLION	2019	\$544 MILLION
\$826 MILLION	2018	\$543 MILLION
\$799 MILLION	2017	\$475 MILLION
\$763 MILLION	2016	\$438 MILLION
\$727 MILLION	2015	\$402 MILLION

2024 Sources of Income



Report from the Credit Committee



Henry Willson

In 2024, 29,208 loan transactions were completed at Michigan Educational Credit Union, for a total of \$90,867,150.

Members continue to appreciate the ease and convenience of our online loan application. We received a total of 1,815 online loan applications in 2024 for a combined \$41,553,308 in loans.

In response to the Federal Reserve's extensive rate hikes between 2022 and 2023, MECU made a strategic decision to temporarily cut back on new lending in order to better balance our liquidity position. This strategy continued into 2024, and as a result, our auto loan business was down for the year. Following a recent trend, mortgage activity stayed sluggish due to high rates in the market. However, the home equity portion of our loan portfolio continued to grow as members took advantage of the equity positions in their homes, in addition to the low rates and flexible terms that this popular financing option offers.

As we begin 2025 in a more favorable rate environment and financial position, we have a revitalized focus on lending. We've adjusted our auto loan rates downward to be more attractive and to help members have more borrowing power. As a result, our auto loan business is starting to pick up, with a renewed interest in refinancing at MECU's low rates.

We extend our thanks to our members for their continued support and patronage. We want you to know that we'll always be here for your financial needs. We'd also like to recognize our staff, management and board of directors for their commitment and hard work over the past year.

Henry Willson, Credit Committee Chairperson

Lisa Kania

Kelly Borowski

Financial Highlights



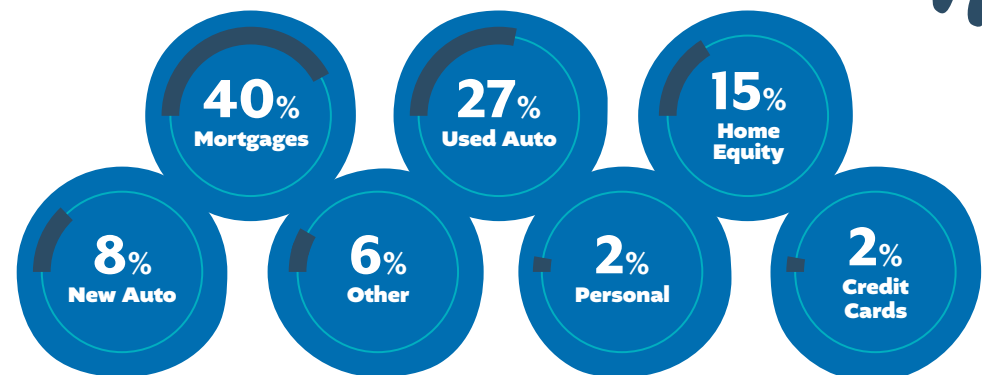
2024 Total Members: **48,637**

2023: 49,994 2022: 50,274 2021: 50,171 2020: 52,393

2024 Loans Outstanding: **31,339**

2023: 30,0181 2022: 31,536 2021: 29,297 2020: 31,634

Loan Portfolio Composition as of December 2024





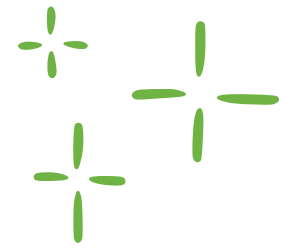
Always Looking Out for Our Members' Futures

From the very start, when Michigan Educational Credit Union was founded in 1942, we've believed everyone deserves a chance to grow and thrive. Our members' futures guide our every decision. We're dedicated to providing great products and services with a personal touch that leaves you feeling confident and well understood.

Thanks to your support, we're able to continue offering great savings and loan rates with some of the latest technology available. We serve nearly 50,000 members and their families who live, work or worship in Wayne, Washtenaw, Oakland, Macomb, Livingston and Jackson counties, and our policy of "once a member, always a member" means we will continue to serve you even if you change jobs or move away. We meet the high standards of the federal government to qualify for savings insurance up to \$250,000 per member, covered by the National Credit Union Share Insurance Fund.

***At Michigan Educational Credit Union,
your future is our inspiration.***

Products & Services



- Share Savings Accounts
- Draft/Checking Accounts
- Share Certificates
- Individual Retirement Accounts
- First Mortgages
- Home Equity Loans
- Home Improvement Loans
- Credit Cards
- New & Used Auto Loans
- Boat & Recreational Vehicle Loans
- Personal Loans
- Direct Deposit & Payroll Deduction
- Automated Teller Machine Service
- ATM & Debit Cards
- Speedy Line Audio Teller
- Digital Banking
- Online Bill Payment
- E-Statements



Investment Services

Michigan Educational Credit Union members have access to the financial planning and investment services available through MECU Financial's relationship with LPL Financial. MECU Financial's consultants, conveniently located right at your Credit Union, are a valuable source for guidance in your important financial decisions. These experienced and knowledgeable financial consultants can help you determine investment objectives, select appropriate services and products and make investment decisions. Individual appointments are available at no cost to you.



William Knudsen
Wealth Advisor



Paul Schmidt
Wealth Advisor

Call to set up your free, no-obligation appointment today!

(734) 416-5025



How Can We Help You?

We offer assistance with:

- | | |
|--|------------------------------|
| Portfolio Analysis | Equities |
| Retirement Planning | Annuities – Fixed & Variable |
| Education Fund Planning | Mutual Funds |
| Financial Seminars | Life Insurance |
| Insurance Services | Disability Insurance |
| Retirement Accounts – IRAs, TSAs, 403(b) | Long-Term Care Insurance |

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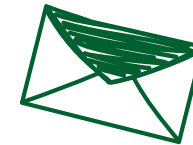
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Locations & Office Hours

Plymouth Main Office

9200 Haggerty Road
Plymouth, MI 48170
(734) 455-9200



Livonia Office

14921 Middlebelt Road
Livonia, MI 48154
(734) 261-1050

Ann Arbor Office

4141 Jackson Boulevard
Ann Arbor, MI 48103
(734) 761-7505

Brighton Office

123 Brighton Lake Road, Suite 102
Brighton, MI 48116
(810) 494-6000

Royal Oak Office

1903 Rochester Road
Royal Oak, MI 48073
(248) 399-7473

Macomb Office

47230 Hayes Road
Macomb, MI 48044
(586) 566-5599

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www.michedcu.org
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9:30-5:30 M-F





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