

# PASSING THE TEST OF **STRENGTH**



2020 ANNUAL REPORT  
**Michigan Educational  
Credit Union**



# Mission Statement



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

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# Board of Directors



**Robert Sandercock**  
President and  
Chief Executive  
Officer



**Alonzo Glaze**  
Chairperson



**Steve Rodriguez**  
Vice Chairperson



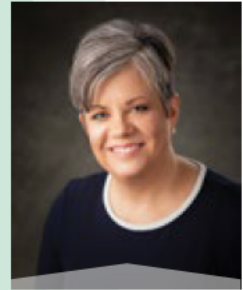
**William Wooster**  
Treasurer



**Robin Long**  
Secretary



**Amy McQuiston**  
Director



**Michelle F. Randall**  
Director



**Gregory J. Baracy**  
Director



**Scott Szukaitis**  
Director



**Deborah Elliston**  
Director

# 79th Annual Meeting

Wednesday, April 28 at 7:00 p.m.

## Virtual Business Meeting

For the latest information and instructions on how to attend this virtual meeting, go to [www.michedcu.org](http://www.michedcu.org) or follow us on Facebook, Twitter and Instagram.

We appreciate your understanding as we take these precautionary measures to keep both you and our staff healthy and safe.

# Report from the Chairperson of the Board



**Alonzo Glaze**

The year 2020 was memorable in so many ways. After living through the daunting circumstances surrounding the COVID-19 pandemic, it's important to reflect on our many blessings. Although Michigan Educational Credit Union faced numerous challenges, I'm pleased that we stood strong and supported our members at a time when so many aspects of life remained uncertain.

In fact, our financial strength and stability earned national recognition in 2020. Michigan Educational Credit Union earned a 5-Star rating from the independent research firm BauerFinancial for the 116th quarter in a row. MECU is designated as a "Best of Bauer Credit Union" for maintaining a 5-Star rating for more than 25 years. MECU was also named to the 2020 DepositAccounts.com list of the Top 200 Healthiest Credit Unions in America, ranking an impressive 35th out of 5,321 credit unions nationwide.

During a typical year, MECU takes an active role in numerous community and school events, but 2020 was anything but typical. Early in the year, we attended the Northville Educational Foundation's Parent Camp as the Presenting Sponsor of the event. We also had the opportunity to meet and congratulate the winners of WHMI 93.5 FM's "Making the Grade" contest that recognizes outstanding teachers in the Livingston County area.

After that, however, most events were canceled or postponed due to the pandemic. However, we found new ways to support the local schools and communities that we serve. We sponsored virtual events, including the SJ5K that raises money for Plymouth/Canton families struck by a medical crisis. We saluted nurses and teachers for going above and beyond through special campaigns with 94.7 WCSX and 105.1 The Bounce. Also, we used our social media platforms to highlight and encourage the support of local businesses and restaurants that were struggling to stay open due to COVID restrictions.

Despite the challenges of 2020, Michigan Educational Credit Union managed to surpass \$1 billion in assets. Only a small percentage of credit unions have reached this major milestone. From this position of strength, we will continue responding to the current economic conditions of the COVID-19 pandemic. Finally, working together with our members will create an exciting future.

Alonzo Glaze, Board Chairperson

# Report from the President & CEO



**Robert Sanderoock**

When 2020 began, all of us at Michigan Educational Credit Union were looking forward to another promising year, following a very productive and successful 2019. Then the world turned upside down with COVID-19.

While most people sheltered in place during the early stages of the pandemic, MECU remained open as an essential business, serving our members at a time when they needed reassurance and stability. Although our lobbies were temporarily closed in order to reduce lobby traffic and help slow the spread of the virus, we offered drive-thru service and encouraged members to take advantage of our remote banking services. For those members who were financially impacted by COVID-19, we offered deferred payments and a special low-rate personal loan to help them make ends meet.

Credit unions and banks everywhere felt the pandemic effect on overall performance, and MECU was no exception. Consumers shifted more toward savings and paying down debt, and these trends were evident in our financial results. While our loan portfolio dropped by 9%, deposits soared by 16%.

In fact, the surge in deposits helped MECU to achieve a new milestone in 2020: \$1 billion in assets. At the end of 2010, my first year as CEO, we had \$596 million in assets. It's hard to believe that in just 10 years we've reached this echelon.

Although the past year may have upended some of our best laid plans, we remained focused on digital transformation efforts, enhancing our ability to serve our members remotely. Now more than ever, it's important to remain connected to our members, whether it's in our branches, through our website, within our remote banking services, or through social media.

In closing, I would like to thank our members for their patience and support during a very trying year. I would also like to extend my gratitude to our management and staff for their hard work and dedication. The lessons we've learned in 2020 will help to prepare us for an even stronger future.

Robert Sanderoock, President & Chief Executive Officer

# Audit Committee Report



**Steve Rodriguez**

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, PLLC, to audit the Credit Union's financial statements for the year ended December 31, 2020. Plante & Moran completed their 2020 audit of the Credit Union's financial statements and issued an unmodified opinion on February 2, 2021. 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, 2019 and 2020

December 2019 **December 2020**

## ASSETS

Cash and Cash Equivalents	\$ 111,632,409	<b>\$ 238,711,658</b>
Investment Securities - Available-for-Sale	189,982,036	<b>242,060,154</b>
Other Investments	912,600	<b>927,579</b>
Loans - Net of Allowance for Loan Losses	543,506,929	<b>494,055,118</b>
Premises and Equipment - Net	9,829,360	<b>9,096,911</b>
Accrued Interest Receivable	2,139,070	<b>2,404,758</b>
FHLB Stock	1,611,800	<b>1,714,434</b>
Corporate Capital	600,000	<b>1,200,000</b>
NCUSIF Deposit	6,890,567	<b>8,109,364</b>
Other Assets	8,829,966	<b>9,728,888</b>
<b>TOTAL ASSETS</b>	<b>\$ 875,934,737</b>	<b>\$ 1,008,008,864</b>

## LIABILITIES & EQUITY

Members' Shares and Savings Accounts	\$ 759,053,946	<b>\$ 884,632,185</b>
Accrued and Other Liabilities	5,854,897	<b>6,876,151</b>
Regular Reserve	11,078,405	<b>11,078,405</b>
Other Reserve	88,092,517	<b>93,492,014</b>
Undivided Earnings	9,219,779	<b>6,317,506</b>
Accumulated Other Comprehensive Income	2,635,193	<b>5,612,603</b>
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>\$ 875,934,737</b>	<b>\$ 1,008,008,864</b>

# Income Statement

Michigan Educational Credit Union and Subsidiary  
Consolidated Statements of Operations  
Years Ended December 31, 2019 and 2020

December 2019 **December 2020**

## INTEREST INCOME

Loans	\$ 21,887,661	<b>\$ 20,663,218</b>
Investment Securities	5,728,828	<b>5,286,104</b>
<b>TOTAL INTEREST INCOME</b>	<b>\$ 27,616,489</b>	<b>\$ 25,949,322</b>

## INTEREST EXPENSE

Members' Shares and Deposits	\$ 3,802,327	<b>\$ 3,744,509</b>
<b>TOTAL INTEREST EXPENSE</b>	<b>3,802,327</b>	<b>3,744,509</b>

**NET INTEREST INCOME** 23,814,162 **22,204,813**

Provisions for Loan Losses	785,999	<b>321,619</b>
Net Interest Income After Provision for Loan Losses	\$ 23,028,163	<b>\$ 21,883,194</b>

## NON-INTEREST INCOME

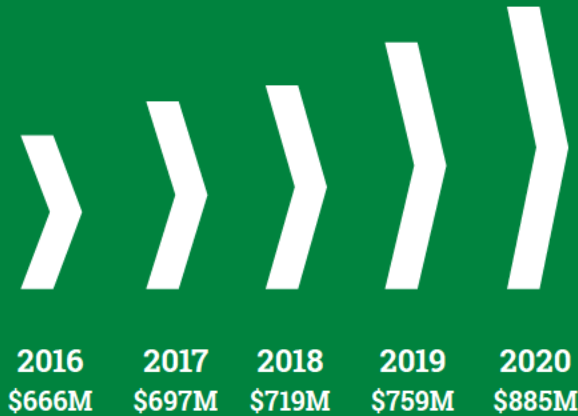
Interchange Fees and Service Charges	\$ 3,011,304	<b>\$ 2,486,713</b>
Other	1,308,290	<b>979,299</b>
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$ 4,319,594</b>	<b>\$ 3,466,012</b>

## NON-INTEREST EXPENSE

Salaries and Employee Benefits	\$ 10,428,637	<b>\$ 10,831,605</b>
Occupancy and Equipment	2,452,021	<b>1,999,124</b>
Operations	5,186,051	<b>5,582,674</b>
Loan Servicing	2,693,569	<b>3,423,387</b>
Professional Services	253,988	<b>285,690</b>
Other	979,099	<b>729,502</b>
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>21,993,365</b>	<b>22,851,982</b>
<b>NET INCOME</b>	<b>\$ 5,354,392</b>	<b>\$ 2,497,224</b>

# 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**

As years go, 2020 was about as bad as they come. But despite the pandemic, the recession and everything between, Michigan Educational Credit Union managed to survive and even reach a historic milestone.

By year end, MECU surpassed the \$1 billion mark in assets for the first time in its 78-year history, climbing to \$1,008,008,864. The 13% increase in assets over 2019 was the biggest annual leap since 2009. MECU members tend to

be responsible savers, so it's not surprising that total members' shares and deposits grew by more than \$125 million in 2020, especially after two rounds of government stimulus checks. With a 16% increase over 2019, we ended the year at \$885 million in deposits.

While Americans followed orders to stay home and stay safe, the economy stalled and consumer demand for loans went down. At MECU, we felt the impact with a 9% decrease in loans, ending the year with \$494 million in total loans. Mortgages were a different story. Thanks to record-low rates and a strong housing market, our mortgage services were in high demand and helped boost our loan portfolio.

Although the economy has a long way to go to recover from the damaging effects of 2020, we remain cautiously optimistic for the future. Michigan Educational Credit Union has a track record of strength and stability during uncertain times. We take our members' trust and support very seriously, and the financial success of our membership will always be our first priority.

William Wooster, Treasurer

# A 10-Year History

<b>ASSETS</b>		<b>LOANS</b>
<b>\$1 BILLION</b>	<b>2020</b>	<b>\$494 MILLION</b>
<b>\$876 MILLION</b>	<b>2019</b>	<b>\$544 MILLION</b>
<b>\$826 MILLION</b>	<b>2018</b>	<b>\$543 MILLION</b>
<b>\$799 MILLION</b>	<b>2017</b>	<b>\$475 MILLION</b>
<b>\$763 MILLION</b>	<b>2016</b>	<b>\$438 MILLION</b>
<b>\$727 MILLION</b>	<b>2015</b>	<b>\$402 MILLION</b>
<b>\$701 MILLION</b>	<b>2014</b>	<b>\$317 MILLION</b>
<b>\$673 MILLION</b>	<b>2013</b>	<b>\$308 MILLION</b>
<b>\$652 MILLION</b>	<b>2012</b>	<b>\$311 MILLION</b>
<b>\$622 MILLION</b>	<b>2011</b>	<b>\$320 MILLION</b>

# Financial Highlights

## 2020 Sources of Income



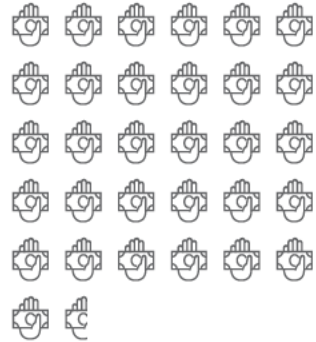
## Total Members



**2020: 52,393**

2019: 53,734 • 2018: 53,422  
2017: 50,782 • 2016: 48,830

## Loans Outstanding



**2020: 31,634**

2019: 37,423 • 2018: 39,115  
2017: 36,256 • 2016: 36,563

# Credit Committee Report



**Henry Willson**

In 2020, 28,632 loan transactions were completed at Michigan Educational Credit Union, for a total of \$147,828,940.

Thanks to the ease and convenience of our online loan application, many of our members were able to apply for the loans they needed from the safety of their own home. Over the year, we received a total of 1,552 online applications for \$27,301,296 in loans.

Although 2020 was not a successful year for MECU in terms of loan growth, we were proud to step in and provide a helping hand to our members in their hour of need. For those who were financially impacted by the COVID pandemic, MECU helped reduce their stress by offering deferred payments on existing consumer loans, as well as a special low-rate Member Assist Loan.








As we look ahead to 2021 and beyond, we will continue to provide the competitive rates, convenient access and helpful service that our members have come to expect from their trusted Credit Union.

We extend our thanks to our members for their continued support and patronage. We'd also like to thank our staff, management and Board of Directors for their hard work and commitment over the past year.

Henry Willson, Credit Committee Chairperson  
Lisa Kania  
Rick Norris

## Loan Portfolio Composition as of December 2020



-  **Mortgages 47%**
-  **Used Auto 21%**
-  **New Auto 14%**
-  **Home Equity 8%**
-  **Other 5%**
-  **Personal 3%**
-  **Credit Cards 2%**

# Facing Challenges Together

No matter what challenges arise throughout the years, we know that we are stronger together. Ever since Michigan Educational Credit Union was founded in 1942, we've been committed to our core values of community and service. We believe in "People Helping People."

As a financial cooperative, we continuously strive to offer the best savings and loan rates possible with some of the latest technology available. We serve more than 52,000 members who live, work or worship in Wayne, Washtenaw, Oakland, Macomb, Livingston and Jackson counties and their families, 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. Methods and rates may change through the years, but our commitment to you, our members, is unwavering.





## **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  
MECU ATM & Debit Cards  
Speedy Line Audio Teller  
Internet Home Banking  
Online Bill Payment  
E-Statements  
Mobile Banking

# Investment Services



**William Knudsen**  
Wealth Advisor



**Kyle Hecht**  
Wealth Advisor

Michigan Educational Credit Union members have access to the financial planning and investment services available through our 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.

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

**(734) 416-5025**

## How Can We Help You?

We offer assistance with:

Portfolio Analysis  
Retirement Planning  
Education Fund Planning  
Financial Seminars  
Insurance Services  
Retirement Accounts – IRAs, TSAs, 403(b)

Equities  
Annuities – Fixed & Variable  
Mutual Funds  
Life Insurance  
Disability Insurance  
Long-Term Care Insurance

**Securities and advisory services offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC).** Insurance products are offered through LPL or its licensed affiliates. Michigan Educational Credit Union (MECU) and MECU Financial **are not** registered as a broker-dealer or investment advisor. Registered representatives of LPL offer products and services using MECU Financial, and may also be employees of MECU. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, MECU or MECU Financial. Securities and insurance offered through LPL or its affiliates are:

**Not Insured by NCUA or Any Other Government Agency | Not Credit Union Guaranteed | Not Credit Union Deposits or Obligations | May Lose Value**



# Branch 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

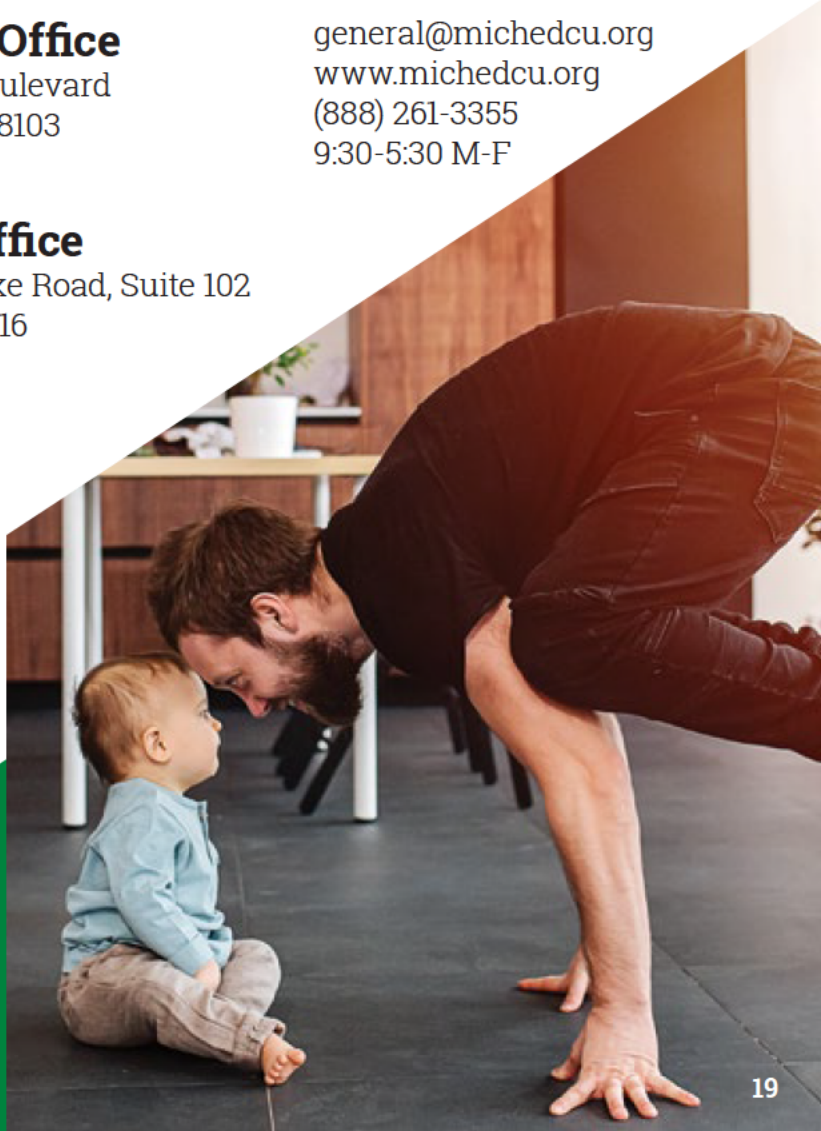
## **Royal Oak Office**

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

## **Macomb Office**

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

[general@michedcu.org](mailto:general@michedcu.org)  
[www.michedcu.org](http://www.michedcu.org)  
(888) 261-3355  
9:30-5:30 M-F





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