

Understanding Your CU*Answers Invoice and Maximizing Your Return

Correlating CU*Answers Pricing and Monthly Invoices With
The Way Your Credit Union Earns

Live Interactive Session: Tuesday, July 28, 2009

Web Conference Summary: Tuesday, August 4, 2009

CU*ANSWERS

Introduction

- ▶ As we interact today, we all have several hats to wear:
 - As credit union buyers of CUSO services, you're here to make sure you understand "the deal" and how that deal is evolving (*due diligence*)
 - As credit union operators, you're here to help us better match our services with your business plans and future directions (*focus group*)
 - As CUSO stakeholders, you're here to make sure that the CUSO is putting its best foot forward in designing products and services that are priced properly for credit union operations (*due diligence*)
 - As CUSO stakeholders, you're here working by proxy for all of the interested parties who are vested in the success of our network and the credit union industry (*focus group*)

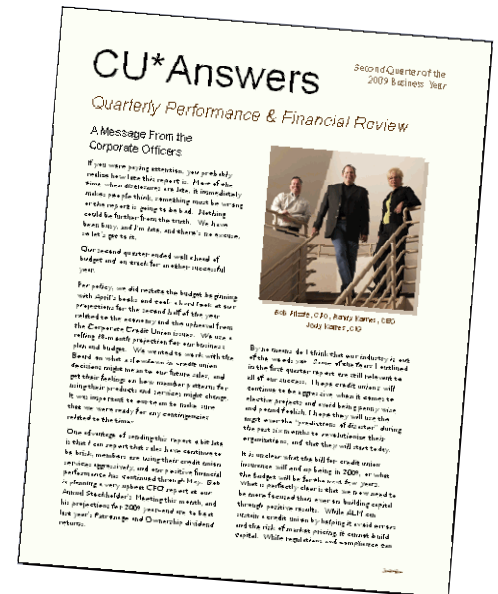
How the CU*Answers Accounting Team Works for You

We're more than just the people who send you your bill...

The CU*Answers Accounting Team

An Untapped Resource for Your Credit Union?

- ▶ Every department at CU*Answers is a client service department...
- ▶ Sometimes clients overlook how the CUSO's accounting team can add to a credit union's success
- ▶ More than bookkeeping, the accounting team is a valuable resource for how to make a buck on some big investments



Of course we do send a lot of bills...



Average more than 670 invoices per month



Average more than 111 invoices per month



No recurring invoice responsibility



Average more than 70 invoices per month



Average more than 223 invoices per month

Invoice Activity: CU*Answers

Types of Invoices We Produce

- ▶ Monthly Online Processing Invoices
- ▶ Monthly Statement Processing Invoices
- ▶ Monthly Self Processing Invoices
- ▶ Monthly WESCO*Net* Invoices
 - Equipment
 - Maintenance
 - Web Hosting
- ▶ Monthly Miscellaneous Invoices

Invoice Activity: CU*Answers

Interesting Statistics

In May, we issued 412 total invoices for CU*Answers

In May, the total invoices exceeded \$2,470,000

We currently maintain 1,887 inventory items on our accounting system

All departments are responsible for billing to some extent

Invoice Activity: CU*Answers

How It's Done

- ▶ Great Plains Dynamics is the core accounting platform
 - We use the iSeries to compile a great deal of information
 - We then integrate the data from the iSeries into Great Plains
 - Manual input for external (non-automated) items
- ▶ Billing draft file is prepared and read by 2 staff members for validation and checks for accuracy
 - Management review of billing file
 - Invoices are prepared and a random 10 are pulled for further verification
- ▶ Invoices are delivered to clients via email

Delivering Invoices via Email

What's We've Done So Far

- ▶ Implemented for the following companies
 - CU*Answers – all
 - Xtend – most
 - eDOC – many
 - CU Student Choice – all
- ▶ Each client can have up to 5 email accounts on file
- ▶ IMPORTANT REMINDERS:
 - Please let us know about any changes to these email addresses!
 - Remember that this list is *separate* from the list used for broadcast emails (from dmoore@cuanswers.com)

Delivering Invoices via Email

Important Reminders

- ▶ We will call all clients when an email is returned as “Undeliverable” in an attempt to get a new valid address
- ▶ The email invoices are a slightly different format and presentation from the printed versions
 - We can re-email or reprint them for the next 7 years



Questions? Need a copy of an old invoice?

Contact Carlynn DeKramer (ext. 172 or email to cdekracker@cuanswers.com or) for help with research or if you need any old invoices recreated!

Implementation of CU Check 21 for Merchant Capture

- ▶ What is it?
 - Electronic deposit of our business checks
 - eDOC Merchant capture technology to be used (Check Logic Lite)
- ▶ All CU*Answers deposits (Xtend and eDOC also) will be scanned and deposited remotely to our accounts at Corporate One FCU
 - We expect a late summer implementation



Paying Invoices via ACH

What We've Done So Far

- ▶ Last summer (release 8.1) we added a feature to CU*BASE Accounts Payable that links incoming ACH debits to A/P Vendor history
 - Like bill pay for credit unions!

CU*BASE GOLD - ACH Distribution Maintenance

ACH Distribution Maintenance

Post sequence # (99 = Base distribution)
Account or G/L # Account type MARGARET M
Depositor ID
Distribution type SD Deposit to Savings / Checking
For G/L transaction types, tie to history for vendor #
Transaction amount (If loan account, leave blank for regular loan payment amount.)
For distributions from incoming ACH deposits only (Optional)
Start post date [MMDDYYYY] (zero = start immediately)
End post date [MMDDYYYY] (zero = permanent)
Last maintained by 27
Last maintenance date Jun 01, 2007

Backup F3
Add/Update F5
Cancel F7

Setting up an ACH distribution record

CU*BASE GOLD - A/P HISTORY MAINTENANCE

A/P HISTORY MAINTENANCE

Corp ID Vendor CONSUMER'S ENERGY
Maintain voucher/check # Sequence # - Or - Position to voucher/check #

Voucher/Check #	Seq #	Date	Invoice/ACH Trace #	G/L	Debit Amount	Credit Amount	Voucher
014389	00001	Aug 25, 2008	1234		252.20	200.00	0.00
014389	00002	Aug 25, 2008	2345		252.20	200.00	0.00
096087	00001	Jun 26, 2008	123455555		111.07	1.00	0.00
096087	00002	Jun 26, 2008	123455555		111.07	2.00	0.00
096087	00003	Jun 26, 2008	123455555		111.07	3.00	0.00
093734	00001	Jan 03, 2008			253.00	659.79	0.00
091871	00001	Nov 28, 2007			253.00	555.15	0.00
088842	00001	Oct 01, 2007			253.00	629.01	0.00
088324	00001	Sep 20, 2007			253.00	1,912.57	0.00
087416	00001	Sep 04, 2007			253.00	706.75	0.00
086517	00001	Aug 16, 2007			253.00	6.14	0.00

Backup F3
Cancel F7

A/P vendor payment history

Paying Invoices via ACH

What We've Done So Far

- ▶ Benefits
 - No postage or paper expenses
 - No chance of lost or stolen checks
 - Creates a record in the A/P vendor file
- ▶ How it works
 - We will continue to email the invoice to you on or about the 12th of the month
 - We will process an ACH Debit against the account you designate later in the month

Pay Your Invoice via ACH

- ▶ We tested this process with a client in July and all went well
- ▶ All early movers will be implemented on 8/10/09
- ▶ Sign up form available on our web site

ACH Debit Authorization Agreement for Recurring Payments to CU*Answers, Inc.

Debit - Other Financial Institution Credit - CU*Answers, Inc.

Complete this form if you want us to debit your account. You must be an authorized signer on the account being debited.

New Authorization Change Authorization

Debit Instructions

Please debit the account at the Financial Institution listed below:

Routing Number	Account Number	<input type="checkbox"/> Checking
		<input type="checkbox"/> Savings
ACH Effective Date	Frequency of Debit	Monthly on the 25th

Authorization

You hereby authorize and request CU*Answers to debit funds from your account at the Financial Institution indicated. Funds need to be on deposit at the designated Financial Institution by 12 noon the day prior to the effective date of the ACH debit. In the event of an error, you authorize CU*Answers to take any and all action required to correct the error, including but not limited to, crediting or debiting your account with the Financial Institution.

To avoid delay, all authorizations need to be received at CU*Answers, Inc. 10 business days prior to date of debit, and must be accompanied by a pre-printed document from the financial institution being debited listing all authorized signers. The following will be accepted: verification letter from your Financial Institution, voided check, deposit slip, or top portion of a statement.

This authorization will remain in full force and effect, and will continue to occur on the date(s) indicated, until CU*Answers, Inc. receives written notification from you of its termination in such time and in such manner as to avoid the Financial Institutions involved a reasonable opportunity to act on it. You understand that if a pre-authorized ACH debit is returned three times within twelve-month period, CU*Answers will cancel the ACH Debit Authorization Agreement for Direct Payments.

You agree to indemnify and hold CU*Answers harmless from all costs, including attorney's fees, (to the extent permitted by law), damage or claims related to actions relating payment of the item, including claims by any authorized signer, payee, or employee, or in failing to cancel or process an item as a result of incorrect information provided by you.

By signing below, you certify that the information you have given on this ACH Debit Authorization Agreement for Direct Payments is complete, true, and submitted for the purpose selected above.

TO CANCEL THIS AUTHORIZATION YOU MUST NOTIFY CU*ANSWERS IN WRITING.

Name of person authorizing DEBIT (Must be an authorized signer on the ACCOUNT from which funds are being debited)	PLEASE PRINT
Daytime Phone Number	
Signature of Person Authorizing Debit	Date

For CU*Answers Use Only

Form available online at:

<http://www.cuanswers.com/lc2k9/index.php>

Reading That Monthly Invoice

- Our Invoices and Your Chart of Accounts
 - Matching Invoices to Revenue

Our Invoices & Your Chart of Accounts

Why does it matter?

- ▶ Every month your accounting team creates a history of your operational decisions, strategies, tactics, and outcomes
 - This becomes part of your corporate record, and ultimately your 5300 profile for third parties
- ▶ Ratios are important...but there sometimes end up as simply the result of day-to-day clerical tasks, rather than a well-thought-out, best-foot-forward plan
- ▶ CU*Answers is trying to automate billing processes so that credit unions can streamline their tactics for reporting expenses and, ultimately, their operational success
 - Improper recording could be detrimental to CU in the examination process
 - Improper recording could be detrimental to our network's reputation

Our Invoices & Your Chart of Accounts

Why does it matter?

- ▶ More importantly, how do you match key expenses with tactics for earning on your investment?
 - Isolate expense areas to get a picture of the potential need to focus strategies for payback
 - If you don't know bill pay costs you \$12K a month, then how can you prioritize the need to get a positive return (\$12K+)?
 - In all the noise of running a credit union, it's easy just to lump it all together and cover it as part of general accounting overhead
 - CU*Answers has dozens of specific tactics for earning: automated service income programs, relationship fees, rate discounts, etc.
 - These often go unused because there is no priority to match expenses to potential earning opportunities

Have you ever thought things were getting more expensive in general, only to find out that CU*Answers prices have declined or there was a new feature that could turn an expense into a net gain?

Our Invoices & Your Chart of Accounts

Why does it matter?

NCUA Recommended Chart of Accounts

Taken from CU*ANSWERS' Online Help
http://www.cuanswers.com/800/gold/gold.htm#NCUA_Recommended_Chart_of_Accounts.htm

Operating Expense Accounts (200 - 300 Series)

200 Operating Expense (Central)	300 Credit Card Program Expense
210 Compensation	301 Service Fee - on Loans Purchased
211 Salaries	302 Other Loan Servicing Expense
212 Fund/Investment to Expense Fee Service	303 Professional and Outside Services
213 Other Compensation	304 Legal Fee
214 Employee Benefits	305 Audit Fee
215 Pension Plan Costs	306 Bookkeeping Service
216 Social Security - Tax (Employer's Share)	307 Management - Consulting Fee
217 Unemployment Compensation Tax	308 Other Professional and Outside Service
218 Other Employee Benefits	309 Provision Fee Loan Losses
219 Travel and Conference Expense	310 Provision Fee Loan Losses-Consumer Loans
220 Employee Travel and Conference Expense	311 Provision Fee Loan Losses-Line of Credit
221 Officers and Directors' Travel and Conference Expense	312 Provision Fee Loan Losses-Real Estate Loans
222 Other Travel Expense	313 Provision Fee Loan Losses-Multi-Home Loans
223 Association Dues	314 Provision Fee Loan Losses-Other Loans
224 Other Operating Expense	315 Provision Fee Unrelated Mutual Fund Loans
225 Rent	316 Other Provision Fee Loans
226 Maintenance of Buildings	317 Workers' Insurance
227 Utilities	318 Share Insurance
228 Depreciation of Buildings	319 Life/Health Insurance
229 Acquisition of Leasehold Improvements	320 Other Workers' Insurance
230 Fuel/Mileage Taxes	321 Mutual Operating Fee
231 Depreciation Equipment/Leased Assets	322 Cash Out and Start
232 Other Office Operating Expense	323 Interest on Borrowed Money
233 Other Operating Expense	324 Imputed Interest Costs
234 Communications	325 Other Interest on Borrowed Money
235 Partial Non-Current Equipment	326 Annualizing Expense
236 Maintenance of Non-Current Equipment	327 Trust in Lending Expense (TL)
237 Stationery and Supplies	328 To Fund/Investment of Interest Overcharge
238 Insurance	329 To Refutation
239 Depreciation of Non-Current Equipment	330 Miscellaneous Operating Expense
240 Bank Service Charges	331 Unrelated Commitment Fee
241 Other Office Operating Expense	332 Commitment Fee on Borrowed Money
242 Miscellaneous and Prerecorded Expenses	333 Dividend Expense
243 Advertising	333.1 Regular Share Dividend Expense
244 Publications and Promotions	333.2 Share Dividend Expense
245 Other Miscellaneous and Prerecorded Expense	333.3 Club Account Dividend Expense
246 Loan Servicing Expense	333.4 M/Single Dividend Expense
247 Collection Expense	333.5 Share Certificate Dividend Expense
248 Financing Fee-Initial Loan Insurance	333.6 Money Market Dividend Expense
249 Credit Fees/Tax	333.7 Other Dividend Expense
250 Refund Fee/Mile Service Charge	334 Interest on Deposits

Prepared for the "Understanding Your CU*Answers Invoice" focus group/training event
 July 26 and August 4, 2009

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Sample Invoice for ABC Credit Union - October 2008

Separated into expense categories

Invoice Item	Amount	% of Total Invoice
Active Member Processing (all members)	\$ 2,122.56	
Closed Member Processing	\$ 284.40	
Deleted/Recovery Processing	\$ 285.27	
IT Resources Allocation Fee (check based on base fee)	\$ 1,742.09	
Credit Report Fees for Loan Originations	\$ 302.25	
Credit Reporting Fees	\$ 25.00	
Loan Decisioning Fees	\$ 61.00	
Service Charge Program Fees	\$ 160.00	
ACH Processing Fee Support	\$ 650.00	
CHFC On Direct Cost Life & Disability, Misc IT Expense	\$ 70.00	
Mortgage OT & Inter-Fee Fee	\$ 25.00	
Data Link Fees for Branch Network	\$ 1,370.00	
Hardware Network Maintenance	\$ 266.00	
Shipping Fees	\$ 0.54	
Subtotal Core Processing	\$ 14,596.39	44.0%
ATM (on base fee) Program Support Fees	\$ 2,466.90	
Debit (on base fee) Program Support Fees	\$ 2,466.90	
Credit Card Program Support Fees	\$ 808.20	
Subtotal ATM Support	\$ 7,530.30	23.0%
e-Commerce Fee (online banking, statements, e-alerts, AFU, etc)	\$ 2,400.00	
AFU Toll/online Live Support Fees	\$ 25.00	
Subtotal Self-Service Support	\$ 2,425.00	7.4%
Bill Payment Program Support Fees (active)	\$ 1,260.70	
Bill Payment Program Support Fees (inactive)	\$ 653.00	
Bill Payment Transaction Fees	\$ 1,541.80	
Bill Payment Customer Service Support Fees	\$ 177.00	
Subtotal Bill Pay Services	\$ 3,512.30	10.1%
Member Check Processing Fees	\$ 1,291.56	
Subtotal Check Processing	\$ 1,291.56	3.9%
Check 21 Processing Fees	\$ 1,654.25	
Subtotal Fed Deposit/Check 21	\$ 1,654.25	5.0%
Data Archiving Fees	\$ 540.33	
Subtotal Record Retention	\$ 540.33	1.7%
Outsource Collection Services	\$ 1,250.00	
Web Hosting Services	\$ 25.00	
Subtotal Professional Services	\$ 1,275.00	3.9%
Sales Tax	\$ 32.80	0.1%
Grand Total:	\$ 32,696.75	100.0%

Prepared for the "Understanding Your CU*Answers Invoice" focus group/training event
 July 26 and August 4, 2009

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Our Invoices & Your Chart of Accounts

What could we do differently tomorrow?

- ▶ As we automate this function, how can we standardize invoices around the way credit unions see their expenses and their offsetting income opportunities?
- ▶ Let's get organized...
 - Any ideas on how we might sort the invoice items?
 - What categories of expenses should we highlight?
 - What G/L summary or other suggestions could we give on the invoice?
 - Should we have a consolidated invoice? More, separate invoices?
 - Should we package more pricing instead of the *a la carte* breakdown?

Evolution will require input from you

Matching Invoices to Revenue

Thinking About Your 2010 Business Plan

Session 0 CU*BAST GOLD - Self Service Fee Configuration

Self Service Fee Configuration

Transaction description: CU*HOME_EXCESS_LOGON

Service Charges		Fee Waivers	
Per login fee	0.05	Low age	
# of free logons/month	999	High age	999
Fee income G/L #	114.04	Aggregate savings	9,999,999.99
Application default for fee	SD	Aggregate loans	9,999,999.99
		Average aggregate savings-per dividend period	9,999,999.99
		Waive if OTB accounts present	<input type="checkbox"/> Credit
			<input type="checkbox"/> Loan
			<input type="checkbox"/> Save

Session 0 CU*BAST GOLD - CU*EasyPay! Service Charge Configuration

CU*EasyPay! Service Charge Configuration

Work with service charge group: 01

Group	Description
01	CU*EASYPAY_BASIC
02	CU*EASYPAY_SILVER
03	CU*EASYPAY_GOLD
04	CU*EASYPAY_PLATINUM
05	CU*EASYPAY_TIER_4
07	CU*EASYPAY_OFFICIAL_FAMILY
08	CU*EASYPAY_NON-PROFIT
09	CU*EASYPAY_SMALL_BUSINESS
91	CU*EASYPAY_EMPLOYEES

Session 0 CU*BAST GOLD - E-Statement Configuration

E-Statement Configuration

Corp ID: 01

Activate e-statements
 Require email for e-statements

E-Statement Configuration Options

1) Allow e-statement with no mailed copy

Monthly fee	0.00	Transaction type	
Fee transaction description	E-STATEMENT CREDIT		
Charge to dividend application	SH		
Offset G/L account	221.20		

2) Allow e-statement with additional mailed copy

Monthly fee	0.00	Transaction type	
Fee transaction description			
Charge to dividend application			
Offset G/L account			

CU*BAST GOLD - Phone Transfer Fee Configuration

Phone Transfer Fee Configuration

Activate phone transfer fees

Transaction description: PHONE_TRANSFER_FEE

Service Charges		Fee Waivers	
Fee amount	1.00	Low age	1
Purge	D = Daily	High age	999
# of free items		Aggregate savings	9,999,999.99
Fee income G/L #	150.00	Aggregate loans	9,999,999.99
		Waive if OTB accounts present	<input type="checkbox"/> Credit <input type="checkbox"/> Loan <input type="checkbox"/> Save
			<input type="checkbox"/> ATM <input type="checkbox"/> Debit
			<input type="checkbox"/> Allow fee to be manually waived

Session 0 CU*BAST GOLD - Transaction Service Charge Configuration

Transaction Service Charge Configuration

Program # T01 Application type SH

Dividend application type

Service Charge Parameters		Service Charge Parameters	
Transaction description	EXCESS_U/ORGANL_FEE	<input checked="" type="checkbox"/> Occurrence charge	
Transaction type	D = Debit	If occurrence, # free	6
Service charge amount	2.00	Free per	M = Month
Service charge G/L	100.00	Maximum charge amount	9,999,999.99
<input type="checkbox"/> Use club system		Minimum Transaction amount	0.00
<input type="checkbox"/> Charge new accounts		Minimum balance	0.00
<input checked="" type="checkbox"/> Charge same account		Current balance	0.00
If no, charge dividend application	<input type="checkbox"/>		
<input checked="" type="checkbox"/> Allow below available balance			
<input checked="" type="checkbox"/> Allow negative balance			

Posting Hierarchy

Dividend application 1	<input type="checkbox"/>	Low age exemption	<input type="checkbox"/>
Dividend application 2	<input type="checkbox"/>	High age exemption	<input type="checkbox"/>

When your Board asks, "How are we going to get our money back?" and you can't say, "Through member retention," what are your favorite tactics for automating return on technical investments?

Matching Invoices to Revenue

Thinking About Your 2010 Business Plan

Session 5 CU*BASE GOLD - Fee Analysis

Fee Analysis

Fee Types

Current view is Fee Types [View Waivers](#)

Current view values are amounts [View # of Fees](#)

Corp ID: ALL Corporations

Summary | Opportunities | Charged | Waived

Description	Apr 2009 [MMYYYY]				May 2009 [MMYYYY]			
	Opportunity	Charged	Waived	% Waived	Opportunity	Charged	Waived	% Waived
CASHED CHECK FEES	4,248	100	4,148	97.6	4,344	102	4,242	97.6
DORMANCY FEES	1,785	156	1,628	91.2	1,810	190	1,619	89.4
MINIMUM BALANCE SERVICE	55	55	0		50	50	0	
PRINTED CHECK FEES	391	25	366	93.6	445	45	400	89.8
PRINTED MONEY ORDER FEE	228	144	84	36.8	188	128	60	31.9
STARTER CHECK FEES	54	9	45	83.3	54	54	0	100.0
SHARE DRAFT NON-RETURN	1,020	1,020	0		1,840	1,840	0	
	10	900	180	16.6	860	800	60	6.9
	10	20	20	50.0	100	100	0	
	16	15	21	58.3	45	14	31	68.8
	5	75	0		45	45	0	
	0	270	0		216	198	18	8.3
	282	2,789	6,492		9,997	3,512	6,484	

Learn About This Feature

Session 2 CU*BASE GOLD - GOAL 2: ANALYZING MEMBER SAVINGS

Summary of Members Scored



Summary | Growth Over Time

Description	Mar 2009		Apr 2009		May 2009		Jun 2009	
	Members	%	Members	%	Members	%	Members	%
Addl Gen SAV Present	801	18.0	812	18.3	823	18.6	828	18.7
NON-IRA CD Present	290	6.5	293	6.6	291	6.6	294	6.6
IRA SH & CD Present	170	3.8	173	3.9	174	3.9	174	3.9
Money MKT								
Saving w/ Neg Bal	6	.1	5	.1	7	.2	5	.1
Checking w/ Neg Bal	51	1.1	50	1.1	48	1.1	45	1.0
Aggr Bal to 500	1,972	44.4	2,036	45.9	1,970	44.4	1,946	44.0
Aggr Bal to 5000	1,475	33.2	1,389	31.3	1,423	32.1	1,410	31.9
Aggr Bal to 25000	629	14.2	638	14.4	657	14.8	676	15.3
Aggr Bal to 75000	173	3.9	178	4.0	180	4.1	183	4.1
Aggr Bal to999999999	47	1.1	51	1.1	54	1.2	56	1.3
Misc OTB SAV Act								

Backup F3
Cancel F7

Can you write a tactic for earning on investment for every line in these dashboards?

Matching Invoices to Revenue

Training About Your 2009 Business Plan

Your mission, should you choose to accept it, is to send Randy a line item by line item expense-to-revenue tactic for your CU*Answers invoice.

Randy will highlight a report on this project at the 2009 CEO Strategies event.

Session 2 CU*BASE GOLD - GOAL

Summary of Meeting

Backup F3
Cancel F7

IRA SH & CD Present					
Money MKT					
Saving w/ Neg Bal					
Checking w/ Neg Bal					
Aggr Bal to 500				44.1	
Aggr Bal to 5000			33.2		
Aggr Bal to 25000			14.2	57	14.8
Aggr Bal to 75000		173	3.9	180	4.1
Aggr Bal to 99999999		47	1.1	54	1.2
Misc OTB SAV Acct					

Network Links

Fee Types

View Waivers

View # of Fees

3.4

400 89.8

60 31.9

54 100.0

0

6.9

3,512 6,484

Learn About This Feature

Can you create a tactic for earning investment for a line in these dashboards?

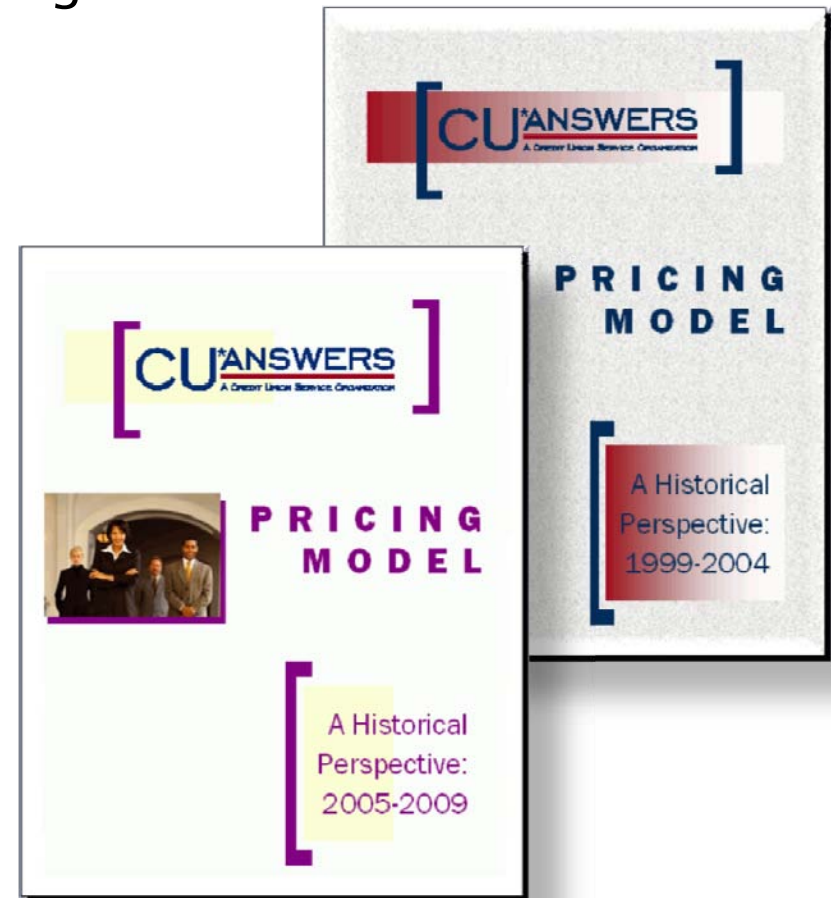
Thinking About Pricing

What does history tell us? Can we continue the trends? What might be changing? Are we transparent enough? Do we stand out from the crowd?

Communicating the Evolution of Our Pricing Model

A CUSO Directive

- ▶ Working to earn your constant respect for our efforts, and making sure you understand “the deal”



Base Member Processing

Selling to New Clients

Purpose: Licensing Fee

This is the base unit cost for a credit union member. Unlike other fees, there is no correlation between base member processing cost and the member's actual relationship, positive or negative, with the credit union—if they are a member, this is what they cost. This fee includes basic member servicing features provided by CU*Answers. For this price, a credit union membership can have up to 999 sub-account suffixes, including savings, certificate and loan accounts. This fee functions as the primary licensing fee for core credit union applications such as accounting, teller services, loan services, back office services, and misc. trial balance services.

This fee is contractual based on the term of the contract, so the fees listed below are the starting point based on the year when a credit union began processing with CU*BASE.

	Monthly Fee Per Member				
	2005	2006	2007	2008	2009
Active Member Fees (5-year contract)	\$0.53	\$0.53	\$0.53	\$0.56	\$0.56
Active Member Fees (3-year contract)	\$0.55	\$0.55	\$0.55	\$0.58	\$0.58
Active Member Fees (1-year contract)	\$0.57	\$0.57	\$0.57	\$0.60	\$0.60
Closed Member Fees - current tax year	\$0.23	\$0.23	\$0.23	\$0.24	\$0.24
Closed Member Fees - previous tax year			Free		
Written Off Member Processing			Free		
Disaster Recovery Fee	\$0.015		\$0.0175		
Minimum CU*BASE processing services fee			\$2,000 per month		

Figure 1

Comparing your current deal to the off-the-rack rates of today

Base Member Processing

Understanding the Potential for Change During a Contract Term

The mechanism that CU*Answers uses to increase this fee for existing credit unions is referred to as the COLA (Cost of Living Allowance) adjustment. The average COLA adjustment for the period between 2001 and 2008 was 2.815%, but the actual increase CU*Answers passed on to its clients during that period was much lower. It averaged only \$0.011 per member month. Based on a per-member fee of \$0.50 per member, this works out to be 2.2%. We have rarely taken a full COLA increase. In 2002, 2005, and 2008, CU*Answers waived its COLA increase entirely.

Active Member Fees (5-year contract)

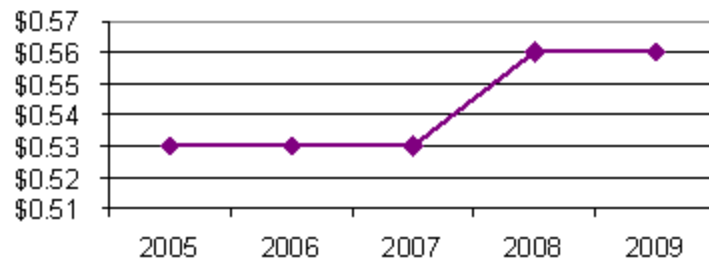


Figure 2

In an unprecedented move in 2009, CU*Answers will roll back the per-member fee for 45 credit unions, resetting the cumulative effect of their COLA increases by \$0.01 per member month.

In 2009, the average price paid by clients (under contract as of 12/31/08) will be \$0.532 per member month.



Understanding the potential increases over the life of a contract...although contracts are often a worse-case scenario

Base Member Processing

Understanding the Value You Receive Over a Contract Term

ABC Credit Union
Sample CU/DASC Pricing Overview (2005 - 2009)*

Month/Year	Volume	2005 Price	Standard	Volume	2006 Price	Standard	Volume	2007 Price	Standard	Volume	2008 Price	Standard	Volume	2009 Price	Standard
Active Member Fico	20,022	0.000	0.00	21,709	0.000	10,890.47	21,404	0.010	11,029.29	21,709	0.000	11,287.13	20,728	0.000	10,486.26
Closed Member	378	0.000	126.17	614	0.000	187.66	481	0.000	110.83	441	0.000	101.63	689	0.000	187.04
Overseas Receipt	20,022	0.012	240.26	21,709	0.012	279.80	21,404	0.012	279.49	21,709	0.012	279.80	20,728	0.012	487.76
Checking Trans	122,227	0.012	1,478.41	129,046	0.012	1,642.96	128,094	0.012	1,742.81	112,422	0.012	1,669.79	118,269	0.000	2,287.52
PHSaid Trans	20,000	0.100	2,000.00	20,000	0.100	2,000.00	20,471	0.075	2,040.33	41,208	0.075	3,112.93	20,480	0.069	2,479.20
PHSaid Trans - over 20000	9,269	0.075	717.68	11,106	0.075	832.95									
Signature Based Trans	14,621	0.100	1,462.10	16,148	0.100	1,614.80	20,022	0.075	1,739.68	27,217	0.075	2,040.78	26,211	0.065	2,260.20
Credit Card Trans	17,181	0.100	1,718.10	17,240	0.100	1,724.00	20,016	0.100	2,001.60	22,028	0.100	2,202.80	24,923	0.100	2,492.30
Online Credit Bureau Reports	229	0.750	171.75	279	0.750	209.25	420	0.750	315.00	470	0.750	352.50	747	0.750	560.25
Data Line Charge	1	666.00	666.00	1	666.00	666.00	1	666.00	666.00	1	666.00	666.00	1	666.00	666.00
Data Line Credit	1	-672.00	-672.00	1	-672.00	-672.00	1	-672.00	-672.00	1	-672.00	-672.00	1	-672.00	-672.00
Data Line Credit - Tiger Branch	1	42.00	-42.00	1	42.00	-42.00	1	42.00	-42.00	1	-42.00	-42.00	1	-42.00	-42.00
CU's Audio Response Fee	1	275.00	275.00	1	275.00	275.00	1	275.00	275.00	1	275.00	275.00	1	275.00	275.00
Judic Response Wala Line Chg	20,426	0.0028	569.93	14,640	0.0028	409.92	14,021	0.0027	378.57	12,222	0.0026	318.58	12,211	0.0025	306.78
Instant Home Banking	62,872	0.0000	2,374.14	104,817	0.012	1,279.76	124,169	0.012	1,490.03						
Compliance Fee															
Daily RFP File Transmission	9	250.00	0.00	9	250.00	0.00	9	250.00	0.00	9	250.00	2,400.00	1	250.00	2,900.00
CU's ePay Email (incl. vol. regu)				24	2.00	72.00	62	2.00	124.00	62	2.00	124.00	9	250.00	0.00
CU's ePay Java Users				122	6.82	722.00	124	6.82	846.00	124	6.82	722.00	437	6.82	1,119.26
CU's ePay Inactive Users				Included	4.82		104	1.20	124.00	124	1.20	148.80	222	1.20	266.40
CU's ePay Trans Fee				49	0.96	47.04	697	0.40	278.80	2,028	0.40	811.20	2,019	0.40	1,007.60
Trans Union	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00
Equifax Reporting Tag	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00
Reports to 2 Credit Bureaus				1	25.00	25.00									
Reports to 2 or More Credit Bureaus							1	42.00	42.00	1	42.00	42.00	1	42.00	42.00
UCH Processing	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00
UCH Return & Change Items	264	1.00	264.00	227	1.00	227.00	211	1.00	211.00	416	1.00	416.00	227	0.90	423.60
Monthly Pages to CO-Ran	3,271	0.01	32.71	2,001	0.01	20.01	3,102	0.01	31.02	3,125	0.01	31.25	3,429	0.01	34.29
Daily Pages to CO-Ran	41,694	0.01	416.94	66,912	0.01	669.12	26,222	0.01	262.22	262,22	0.01	262.22	63,154	0.01	631.54
Daily CD	2	20.00	40.00	2	20.00	40.00	2	20.00	40.00	2	20.00	40.00	2	20.00	40.00
Credit Card Pages to CO-Ran				2,249	0.01	22.49	2,269	0.01	22.69						
Credit Card CD	1	20.00	20.00	2	20.00	40.00	2	20.00	40.00	2	20.00	40.00	2	20.00	40.00
Statement - Member	1	150.00	150.00	1	150.00	150.00	1	150.00	150.00	1	150.00	150.00	1	150.00	150.00
CU's Monthly Software Fee	1	10.00	10.00	1	10.00	10.00	1	10.00	10.00	1	10.00	10.00	1	10.00	10.00
Credit Life & Disability	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00	1	20.00	20.00
Statement Pages to CO-Ran	21,299	0.01	212.99	74,991	0.01	749.91	74,222	0.01	742.22						
Statement CD	2	20.00	40.00	2	20.00	40.00	2	20.00	40.00	2	20.00	40.00	2	20.00	40.00
Remote Access System Fee	1	90.00	90.00	1	90.00	90.00	1	90.00	90.00	1	90.00	90.00	1	90.00	90.00
FDIU - Debit Card Support (only)	1	125.00	125.00	1	125.00	125.00	1	125.00	125.00	1	125.00	125.00	1	125.00	125.00
CU's ePay Monthly Credit	1	200.00	200.00	1	200.00	200.00	1	200.00	200.00	1	200.00	200.00	1	200.00	200.00

How do you get down to the nitty gritty in understanding the difference between a growing invoice and the price for services?

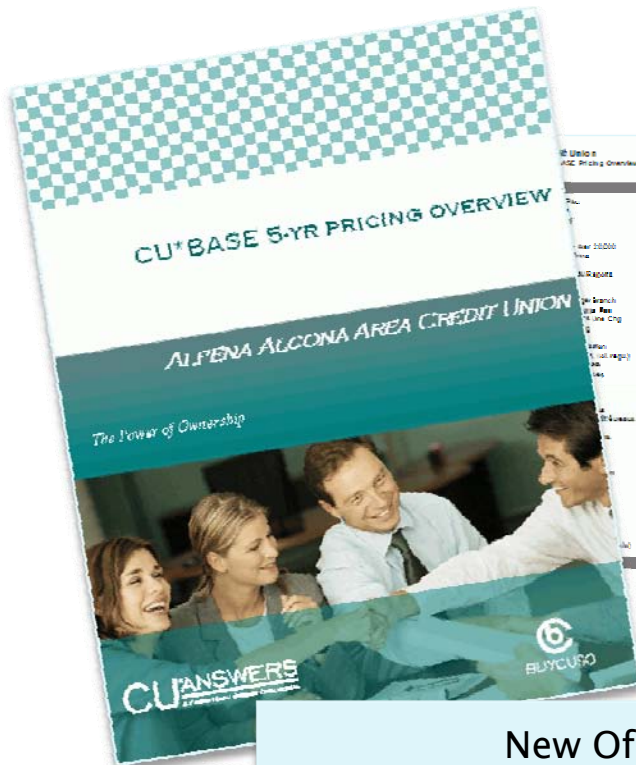
Do you understand the CU*Answers contract renewal philosophy?

1. Initial conversion completed; applicable credits applied.	1. CR INCREASED BY \$0.025 PER MEMBER.	1. Normal COLA INCREASE BY \$0.02	1. CC
2. O/L Denking dropped by \$0.015 per min line.	2. P/N S/N INCREASE BY \$0.02	2. P/N S/N INCREASE BY \$0.02	2. I/R
	3. P/N S/N INCREASE BY \$0.02	3. P/N S/N INCREASE BY \$0.02	3. T/S
		3. P/N S/N INCREASE BY \$0.02	(L)
			(R)
			(S)
			(M)
			(N)
			(O)
			(P)
			(Q)
			(R)
			(S)
			(T)
			(U)
			(V)
			(W)
			(X)
			(Y)
			(Z)

*Sample pricing details - details include all fees/taxes

Base Member Processing

Understanding the Value You Receive Over a Contract Term



CU*BASE 5-YR PRICING OVERVIEW

ALPENA ALCONA AREA CREDIT UNION

The Power of Ownership

CU ANSWERS

BUYCUSO

Contract	2015 Rate	2016 Rate	2017 Rate	2018 Rate	2019 Rate	2020 Rate	2021 Rate	2022 Rate	2023 Rate	2024 Rate
10,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
90,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1. Initial member fee completed applicable contract year.

2. CCR increased by \$1000 per month for 1st 12 months of contract.

3. Normal CCR increase by 1.0%.

4. CCR capped at 1.0%.

5. CCR capped at 1.0%.

6. CCR capped at 1.0%.

7. CCR capped at 1.0%.

8. CCR capped at 1.0%.

9. CCR capped at 1.0%.

10. CCR capped at 1.0%.

11. CCR capped at 1.0%.

12. CCR capped at 1.0%.

13. CCR capped at 1.0%.

14. CCR capped at 1.0%.

15. CCR capped at 1.0%.

16. CCR capped at 1.0%.

17. CCR capped at 1.0%.

18. CCR capped at 1.0%.

19. CCR capped at 1.0%.

20. CCR capped at 1.0%.

New Offering:
 We'll complete this 5-year analysis for your credit union at any point during your contract, for just \$250

Contact Scott Page

Platform Technology Updates/ Disk Retention/Statements

Purpose: Resource Usage Fee

How does CU*Answers price a credit union who requires a high level of transaction activity and its related disk storage requirements, compared to a smaller credit union that requires less data processed and stored by our systems? Like a 25,000 sq. ft. building costs more to lease than one with only 5,000 sq. ft., this fee is basically a “rental” fee for the use of resources. This section is also referred to as a “Resource Usage Fee.” It is calculated by correlating the resource requirements of a credit union to the number of member check transactions per month. The reason for this is that checking accounts historically require the most amount of disk storage, are a good indicator of the number of statement pages, and seem to be the most easily measured variable between base and variable member activity.

Services covered by this fee:

- Statement creation
- Transaction history retention
- Upgrades to hardware resources for core processing (IBM iSeries)

Checking Items Processed	Per Item Fee				
	2005	2006	2007	2008	2009
1 to 100,000	\$0.030	\$0.030	\$0.030	\$0.030	\$0.030
100,001 to 200,000	\$0.020	\$0.020	\$0.020	\$0.020	\$0.020
200,001 to 425,000	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015
425,001 or more	\$0.010	\$0.010	\$0.010	\$0.010	\$0.010
Minimum Resource Utilization fee	n/a		\$500.00 per month		

Figure 3

Let's talk about where this is going

A New Era for EFT Services at CU*Answers

ATM and Debit Card Transactions

Purpose: Licensing Fee and Resource Usage Fee

ATM and Debit Card transactions are both priced from the same table; however, their volumes are not combined when determining the pricing tier. There are two primary ways we handle ATM and debit card transactions:

- Offline (batch) processing - This style creates more overhead based on day-to-day operator costs. Operators are responsible for running and verifying jobs that send balance files to the third-party network and receive post files to be manually posted against member accounts.
- Online (interactive) processing - This style requires more expensive communication resources because the lines are live and interactive. The number of lines that can be interactive are finite based on the resources in the computer room, and the diligence required to maintain the connection is expensive.

Since 2006, the pricing for online processing has been reduced by as much as 35%. We anticipate these prices to continue to drop as volumes accelerate with member usage. It is important to remember that the Fee Per Checking Items Processed (see Figure 3) is now under stress due to the declining number of check transactions. In 2009, ATM and Debit card fees were linked to the online Credit Card processing strategies. These transaction fees continue to be a pay-as-you-go area, and CU*Answers believes this is the best way to account for plastic costs at a credit union.

	Per Item Fee				
	2005	2006	2007	2008	2009
One daily file transmission	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
	Minimum \$200.00 per month				
Second daily transmission	\$250.00 per month				
1-20,000 online transactions *	\$0.100	\$0.100	\$0.075	\$0.075	\$0.070
20,001-75,000 online transactions *	\$0.075	\$0.075	\$0.075	\$0.075	\$0.070
75,001+ online transactions *	\$0.050	\$0.050	\$0.050	\$0.050	\$0.050
ATM Inquiries	n/a	n/a	n/a	n/a	n/a
ATM Card PIN Requests	n/a	n/a	n/a	n/a	n/a
ATM Card Ordering	n/a	n/a	n/a	n/a	n/a
Credit Card online transactions	n/a	\$0.10	\$0.10	\$0.10	\$0.10



* For 2009, \$0.065 if also performing Online Credit Card transactions.

The e-Commerce Fee

Affording Tomorrow, Today

Purpose: Licensing Fee and Resource Usage Fee

In 2008, CU*Answers revolutionized its pricing by combining all of its strategies related to e-Commerce between a member and a credit union into one fee. Instead of an *a la carte* usage fee for each major component, CU*Answers now charges a flat fee that encourages credit unions to push their members towards these cost-effective solutions. In essence, we hoped to create a “black hole” in a credit union’s income statement that pulled both members and credit union strategies towards these services.

To do so, we committed to capping our expenses in the e-Commerce area, pushing ourselves to innovate with the same budget, instead of simply adding more functionality and charging more along the way. In 2009, we took the next step and tightened our belt another notch. We want every credit union leader to see that the next member they add to their e-Commerce offerings *lowers their costs* on a per-member basis.

E-Commerce Fee	Fee Per Month				
	2005	2006	2007	2008	2009
1 - 2,500 Members		n/a		\$350.00	\$150.00
2,501 - 5,000 Members		n/a		\$850.00	\$810.00
5,001 - 10,000 Members		n/a		\$1,200.00	\$1,050.00
10,001 - 15,000 Members		n/a		\$1,700.00	\$1,600.00
Over 15,000 Members		n/a		\$2,400.00	\$2,300.00

Reduced in
2009!

E-Commerce Fee includes unlimited **It's Me 247** Online Banking with PIB multi-layered security, regular and credit card e-statements, e-Notices and e-Alerts, Online Banking Community (OBC) publishing, and Audio Response usage fee.

Figure 11

The e-Commerce Fee

Affording Tomorrow, Today

It's Me 247 Mobile Banking Moving 300,000 People to a New Channel

Accounts | I'm a Basic member.

Name	Available Balance	Actual Balance	Account ID
CHINESE SAVING	\$10,450.00	\$10,450.00	
CHRISTMAS CLUB	\$10,110.00	\$10,110.00	
BASIC SAVING OVER	\$8,480,344.38	\$8,480,344.38	
SECONDARY SAVING	\$2,100.00	\$2,100.00	12/31/2007
SECONDARY SAVING	\$1,000,179.85	\$1,000,179.85	12/31/2007
SECONDARY SAVING	\$40,000.00	\$40,000.00	12/31/2007

Use mobile banking features even from your PC

Mobile phone users are curious about the potential of doing everything on their phone...this process will scratch that itch

111

Evolving Concepts

Bill Pay

CU*EASYPAY! BILL PAYMENT/PRESENTMENT

This service, in partnership with CheckFree, is one of the great success stories of our CUSO format. In 2006 we switched from “good funds” to the industry-standard processing method, moving to a new pricing structure with different fees for active and inactive users. Pricing is now tiered based on usage, a model that is designed to reduce entry barriers and encourage credit unions to market bill pay aggressively without having to worry about those members who sign up and never use the service.

	Fee Amount				
	2005	2006	2007	2008	2009
CU*EasyPay! Implementation (one-time fee)	\$2,250.00			n/a	
Monthly Minimums	No min. fees for first 60 days. After 60 days, sponsor fee of \$250.00/mo applies until 101 subscribers; waived if 101 subscribers is maintained.			n/a	
User / Customer Service Fees					
Bill Payment User Fees	\$4.95 (includes 15 transactions)			\$2.65 active; \$1.50 inactive	
Add'l Bill Payment Transactions	\$0.36			\$0.40 (per transaction)	
Per User Signup Fee	\$3.00			n/a	
Miscellaneous Fees					
Stop and Reissue Request		\$15.00 each			
Overnight Delivery Request		\$15.00 each			
Non-Sufficient Funds ACH Debit		\$20.00			
Research Fee	n/a			\$25.00	
Check Image Retrieval Fee	n/a			\$10.00 per item	
Resource Time (Special Requests)					
CheckFree Customer Service Rep		\$40.00/hour			
Non-Systems Professionals		\$125.00/hour			

Look for a 15% reduction in bill pay fees later in 2009!

Figure 12

Evolving Concepts

Statements

A New Perspective on Statements Responding to Diversity


The image displays several overlapping examples of bank statements from different institutions, including NCSA and platinum. The statements are arranged to illustrate various design and layout options. Callout boxes highlight specific features:

- 2-column layout**: Points to a statement with two columns of data.
- Other insert options**: Points to a statement with a 'platinum' logo insert.
- Large print**: Points to a statement with larger text and font sizes.
- 2-column with insert**: Points to a statement with two columns and a small insert.

**A head-on collision waiting to happen:
printed statement options selected via
an electronic channel??**

Evolving Concepts

Shared Branching

M. SHARED BRANCHING	
Xtend Shared Branching (CU*BASE participating Clients)	Xtend initiative - see Ancillary Services Pricing Guide
FSCC Shared Branching online interface	
Issuer One-time setup Per transaction fee (plus FSCC related fees) Acquirer Monthly fee for 1 or 2 Branches Monthly fee for 3 or more Branches Data line - Monthly fee (for either issuer or acquirer)	No charge No charge No charge No charge No charge
	
CUSC Shared Branching online Interface	
Issuer One-time setup Per transaction fee (plus CUSC related fees) Acquirer Monthly fee for 1 or 2 Branches Monthly fee for 3 or more Branches Data line - Monthly fee (for either issuer or acquirer)	\$1,500.00 \$ 0.10 \$250.00 \$500.00 \$75.00 (pro-rated)
Other National Shared Branching Networks (one-time and recurring fees)	Quote provided

Other Miscellaneous Fees

The remaining sections of the Fee Schedule relate to items that have a smaller impact on the individual credit union's invoice. While very significant to CU*Answers' overall revenue stream, questions are seldom raised about their place in the overall pricing scheme. Once again, the history of these fees shows CU*Answers' desire to control costs for credit unions and to expand services very rapidly.

The charts below show a great deal of range as to the capabilities of CU*Answers and its services. Services like online credit bureau access include multiple strategies for credit unions, from pulling a credit report to every terminal to credit scoring, and are directly related to key lending features like risk-based pricing. Below you will find comparison charts for the following miscellaneous items:

- External Vendor Communications
- Service Charges and Processing Charges
- Miscellaneous Processing Charges
- OTB Credit Cards
- Data Archival
- Custom Programming

Best Guesstimates for the Future



Thanks for the day!