



March 15, 2012

The Honorable Senator Duff
The Honorable Representative Tong
Co-Chairmen, Joint Committee on Banks
Legislative Office Building, Room 2400
Capitol Avenue
Hartford, Connecticut 06106

RE: S.B. No. 358 AN ACT ENCOURAGING INCREASED SAVINGS DEPOSITS.

Senator Duff, Representative Tong and Members of the Banks Committee:

On behalf of Connecticut's 129 not-for-profit credit unions I am testifying on Senate Bill 358. An Act Encouraging Increased Saving Deposits.

First, I would like to share with you some information about credit unions. Credit unions are not-for-profit financial cooperatives. We exist to serve our members, not to make a profit. Unlike most other financial institutions, credit unions do not issue stock or pay dividends to outside stockholders. Instead, earnings are returned to our members in the form of lower loan rates, higher interest on deposits, and lower fees.

Congress exempts credit unions from federal income taxes, but they do pay taxes - payroll taxes, sales taxes, and property taxes. This federal exemption was established in 1937, affirmed by statute in 1951, and re-affirmed in 1998 in H.R. 1151, the Credit Union Membership Access Act.

Credit unions are democratically controlled. Each credit union member has equal ownership and one vote. At a credit union, every customer is both a member and an owner with a volunteer board of directors, elected by and from the credit union's membership.

By current federal statute, credit unions cannot serve the general public. People qualify for a credit union membership through their employer, organizational affiliations like churches or social groups, or a through a community charter.

Credit unions exist to help people, not make a profit. Our goal is to serve our members well, including those of modest means. Therefore, our members are fiercely loyal; they know their credit union will be there for them in both bad and good times. The same people-first philosophy causes credit unions and our employees to get involved in community charitable activities and worthwhile causes.

Providing exceptional value through cooperative support

Lastly, and equally important, credit unions are committed to educating their members, and potential members, to become better educated consumers of financial services. The Credit Union League of Connecticut is currently partnered with the National Credit Union Foundation, which is also a not-for-profit foundation, to expand financial education among high school students thorough Financial Reality Fairs. A national study shows that just ten hours of personal finance education can positively affect students' spending and savings habits for a lifetime. These fairs in Connecticut are on-going; we currently have eight fairs for the 2011/2012 scholastic year, which include 115 schools and affect more than 6,000 students throughout Connecticut.

As you know, SB 358 was introduced by the Honorable Senator Beth Bye. First, we would like to applaud Senator Bye for her efforts to educate the public about savings and financial planning and for her support of credit unions in our endeavors. The concept of this bill is modeled after the "Save to Win" program that Michigan credit unions are running with their League and the National Credit Union Foundation (NCUF). Save to win is a raffle that teaches the importance of saving in the process with the seed money, or winnings, for the raffle coming from both the League and the Foundation.

We support the "Save to Win" program but at this time the Credit Union League of Connecticut cannot currently run the program even if the laws are changed. We are unable to fund the program's winnings and do not have the resources administratively to set up and monitor the program. In addition we have concerns that inadvertently the passage of this bill could have a negative effect for credit unions; CT credit unions do not want to be seen as encouraging gambling even though this program is clearly a positive educational tool. Therefore, we support the passage of this bill, but appreciate the opportunity to record our concerns for potential drawbacks of its passage.

Sincerely,



Kelly Ramsey Fuhlbrigge
Vice President – Government Relations