

Congratulations to **Julianne A. of Edmonds**, December's 'Pay a Bill, Get a Chance to Win!' winner!

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73rd Annual Report

Safety. Security. Peace of mind.

Old-fashioned values take on renewed meaning in 2008

WHATEVER WORRIES today's turbulent economic times may have brought to your household, you can feel good knowing that no financial institution in the nation takes better care of your money – or works harder to help you hold onto it – than School Employees Credit Union.

Your credit union enters 2009 as strong as we've ever been. Our deposits increased by \$73 million in 2008, an increase of 13% over the previous year. In addition, more school employees [joined the credit union](#) than at any time in our history. As they have in the past, members turn to us for a safe place to put their deposits when the economy becomes volatile. ((136838))

Their trust is well-founded. Our regulatory net worth (the key indicator for financial strength among credit unions) is **nearly double** the 7% benchmark that regulators consider well-capitalized.

The primary reason for our exceptional strength is the financial responsibility of our members. As a group, school employees live within their means and pay back their loans on time. They enable us to provide loans at interest rates below the market norm. ((50261))

We continue to follow our conservative investment philosophy that assures money not lent to members is invested primarily in federally insured or backed securities. We've never participated in subprime or high-risk loans. As a result, we still have plenty of money to lend and ample resources to serve members.

We've continued to invest in technology to make your financial transactions faster and more convenient. In 2008, we revamped [Online Banking](#) to make it more intuitive and easier to use. [Online Bill Payer](#) now allows you to pay bills from multiple accounts, receive bills electronically (instead of in the mail), create reports to track spending in different categories, and much more. ((87042))

Members continue to put money back in their pockets with our exclusive **7.71% APY* dividends** on savings and checking balances up to \$750 (when they choose automated deposits and e-Statements). And environmentally conscious car buyers now earn a .50% auto loan discount when they choose qualifying [hybrids](#). ((61775))

In the year ahead, we see opportunities, not obstacles, for members looking to realize their financial dreams. Our 76,000 members share a bond of strength – founded on time-tested principles of safety and security – that offers uncommon peace of mind. We're honored to partner with you in creating a sound future, and we wish you a safe and happy 2009.

Sincerely,



Sandra Kurack
President

* APY= Annual Percentage Yield. Some restrictions apply. Please call us or [click here](#) for details. Rates and yields may change at any time at the discretion of the Credit Union's Board of Directors. The APY is accurate as of the last dividend declaration date. No minimum balance is required to earn the APY shown above. Fees or other conditions may reduce the earnings of the account. A \$5 deposit is required to open a savings account and maintain membership. \$50 is required to open a checking account.

Financial Statement (unaudited) as of Dec. 31, 2008

Loans to members	\$ 393,824,705
Cash and investments	241,169,137
Accrued earnings	2,674,587
Other assets	8,756,319
TOTAL ASSETS	\$ 646,424,748

Savings	\$ 400,495,642
Checking	115,581,429
IRAs	35,932,025
Total deposits	552,009,096
Other liabilities	8,758,669
Members' equity	85,656,983
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 646,424,748

Operating Statement for 2008

Interest from loans	\$ 24,795,950
Interest from investments	5,946,496
Miscellaneous	2,093,074
TOTAL INCOME	\$ 32,835,520

DISTRIBUTION OF INCOME

Total operating expense*	\$ 20,188,557
Dividends to members	11,428,742
Increase to members' equity	1,218,221

STATISTICAL INFORMATION

Number of members	75,794
Number of savings accounts	83,313
Number of checking accounts	33,516
Number of IRAs	3,320
Number of borrowers	55,437
Number of new loans in 2008	7,364
Amount of new loans in 2008	\$ 249,262,985
73-year total of loans	\$ 4,226,805,134
Total loan losses in 73 years	\$ 9,655,697
Members' equity	\$ 85,656,983

* DETAILS OF OPERATING EXPENSE

Salaries \$9,437,744; Data processing \$1,898,097; Equipment \$1,242,374; Visa expense \$1,222,214; ATM expense \$1,040,926; Provision for losses \$813,536**; Loan expense \$573,230; Printing and stationery \$516,704; Building expense \$508,974; Postage \$455,804; Advertising \$363,509; Checking service fees \$285,420; Administrative expense \$254,566; Office expense \$207,812; Telephone \$189,486; Insurance \$116,323; Contributions \$64,116; Miscellaneous \$997,722.

** Net bad debt \$813,536 (includes adjustment for allowance for loan losses).

TOTAL OPERATING EXPENSE: \$20,188,557

All expenses are approved by the board of directors and examined by the state.

INFO

NOTICE OF ANNUAL MEETING: The 73rd annual meeting of members will be held at **10 a.m. on Feb. 12, 2009**, at PEMCO Financial Center, 325 Eastlake Ave. East, Seattle, Washington, in Rooms 2-1 - 2-7.

INFO

A FRIENDLY REMINDER: The Regular Benefit Fund annual assessment of \$9 per Benefit Fund member and Major Benefit Fund annual assessment of \$15 per Benefit Fund member will take place **March 1, 2009**.

Board of Directors

Borje O. Saxberg *Chairman* Richard S. White *Vice Chairman*
Sandra M. Kurack *Secretary-Treasurer*
Brian L. Benzel Linda S. Cowan
Shirley Liu-Hodgson Roger A. Reimer
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Mary H. Johnson *Director Emeritus*

Advisory Committee

Dr. Peter Ansingh *Yakima* Dr. Michael Henniger *Bellingham* Dr. Thomas J. Rockefeller *Mead*
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Cuauhtemoc Escobedo *Seattle* Dr. Thomas Keegan *Port Angeles* Darcy Weisner *Walla Walla*
Michael Green *Woodland*

Supervisory Committee

Carl E. Tingelstad, *Chairman*
Peggy Filer Steve M. Pouley

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If you spot your account number above in double parentheses, call us at 1-888-628-4010. You may have just won \$100.