



Michigan Educational  
Credit Union



20

22

*Celebrating*

**80** years



# *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



**81<sup>st</sup> Annual**

**Wednesday,  
April 26, 2023 • 7:00 p.m.  
Business Meeting**

Schoolcraft College  
VisTaTech Center  
18600 Haggerty Road  
Livonia, MI 48152



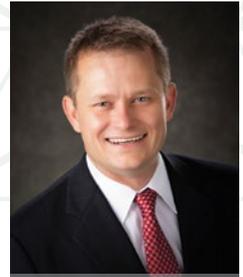
**Amy McQuiston**  
Director



**Michelle F. Randall**  
Director



**Gregory J. Baracy**  
Director



**Scott Szukaitis**  
Director

# Meeting

## Agenda

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



**Deborah Elliston**  
Director

# Report from the Chairperson of the Board



**Alonzo Glaze**

Economic uncertainty presents challenges. For 80 years, Michigan Educational Credit Union has provided its members with the strength and stability to face the financial challenges of the pandemic and increasing inflationary pressures. In 2022, MECU celebrated a milestone anniversary with a reassuring presence that members have come to rely on over the years.

After limited in-person opportunities due to the pandemic in the previous two years, Michigan Educational Credit Union was able to expand its presence at more events in 2022. In addition to our typical school welcome backs at local districts and colleges, we participated in the Woodward Dream Cruise, Livonia Home Show, P-CCS's Mental Health & Wellness Fair, and several events in downtown Plymouth and at the Detroit Zoo.

As always, we were proud to sponsor a wide variety of local school and charity programs, including WYCD's St. Jude Radiothon, University of Michigan's C.S. Mott Children's Hospital, the Northville Parent Camp, and our very own Back-To-School Supply Drive.

MECU's resilience is evident to BauerFinancial, the nation's premier credit union and bank rating firm. Bauer rates every federally-insured credit union with the same strict standards and is pleased to report that MECU continues to excel among its peers in areas of capital adequacy, loan quality and more. Having earned 5 Stars for 100 or more consecutive quarters, MECU is recognized with an even higher distinction as a "Best of Bauer Credit Union." MECU is well positioned to continue to thrive and be a source of strength for its members. Amid an inflationary environment, we are pleased to give our members peace of mind by offering better rates with fewer fees and the friendly service they expect and rightly deserve.

It's an honor to serve such a loyal and supportive membership. Thank you for helping us make the past 80 years a resounding success.

Alonzo Glaze, Board Chairperson



# Report from the President & CEO



**Robert Sandercock**

Commemorating 80 years in business, Michigan Educational Credit Union continued its proven track record in 2022. Despite challenging economic conditions, we were able to celebrate our historic milestone with outstanding loan results and a sizeable lift to our net income.

As the U.S. endured the highest inflation rates in 40 years, MECU managed to raise loan balances by 16% over 2021. The growing success of our indirect loan program at local dealerships helped us enjoy a 46% increase in total new and used auto loans. This was an impressive feat in light of the ongoing computer chip shortages that have continued to impact new vehicle availability. Although our mortgage activity slowed down along with the housing market, our home equity program remained a popular choice for many members as we saw a 29% increase over the previous year.

While we pride ourselves on our historically great rates and dependable service, we never rest on our laurels. We make it a priority to monitor the industry to look at new products and services that may benefit our membership. Last year we added a couple new insurance products to our service offerings: Mechanical Repair Coverage for unexpected auto repairs and Debt Protection with Life Plus to cover for sudden loss of income. We also updated our Credit Cards Online service and improved other online banking features to enhance the digital experience for our members.

Busy times lie ahead for MECU. In 2023 we're rolling out a new credit card program after years of preparation and research to find the best solution for our membership as well as our organization. The new Platinum Mastercard and World Rewards Mastercard options will feature new contactless technology along with expanded benefits and a rewards card option.

When we achieve successful results like we did in 2022, I know that it's due to the support and patronage of our loyal membership. Thank you to everyone who has helped us achieve great things over the past 80 years.

Robert Sandercock, 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, 2022. Plante & Moran completed their 2022 audit of the Credit Union's financial statements and issued an unmodified opinion on February 9, 2023. 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, 2021 and 2022

December 2021 **December 2022**

## ASSETS

Cash and Cash Equivalents	\$ 113,253,391	<b>\$ 32,466,044</b>
Investment Securities - Available-for-Sale	478,969,490	<b>449,211,500</b>
Other Investments	925,334	<b>921,102</b>
Loans - Net of Allowance for Loan Losses	448,561,108	<b>521,809,011</b>
Premises and Equipment - Net	8,376,380	<b>7,676,888</b>
Accrued Interest Receivable	2,593,537	<b>2,925,696</b>
FHLB Stock	1,714,500	<b>1,591,500</b>
Corporate Capital	1,200,000	<b>1,600,000</b>
NCUSIF Deposit	9,146,573	<b>9,517,826</b>
Other Assets	10,121,474	<b>10,070,185</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,074,861,787</b>	<b>\$ 1,037,789,752</b>

## LIABILITIES & EQUITY

Members' Shares and Savings Accounts	\$ 958,962,751	<b>\$ 965,805,158</b>
Accrued and Other Liabilities	7,450,366	<b>6,640,285</b>
Regular Reserve	11,078,405	-
Other Reserve	97,221,343	-
Undivided Earnings	4,164,723	<b>116,250,901</b>
Accumulated Other Comprehensive Income (Loss)	(4,015,801)	<b>(50,906,592)</b>
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>\$ 1,074,861,787</b>	<b>\$ 1,037,789,752</b>

# Income Statement

Michigan Educational Credit Union and Subsidiary  
Consolidated Statements of Operations  
Years Ended December 31, 2021 and 2022

December 2021 **December 2022**

## INTEREST INCOME

Loans	\$ 17,747,766	<b>\$ 18,149,999</b>
Investment Securities	5,430,086	<b>8,081,340</b>
<b>TOTAL INTEREST INCOME</b>	<b>\$ 23,177,852</b>	<b>\$ 26,231,339</b>

## INTEREST EXPENSE

Members' Shares and Deposits	\$ 2,519,956	<b>\$ 2,206,322</b>
<b>TOTAL INTEREST EXPENSE</b>	<b>2,519,956</b>	<b>2,206,322</b>
<b>NET INTEREST INCOME</b>	<b>20,657,896</b>	<b>24,025,017</b>

Provisions for Loan Losses	-	<b>457,100</b>
Net Interest Income After Provision for Loan Losses	\$ 20,657,896	<b>\$ 23,567,917</b>

## NON-INTEREST INCOME

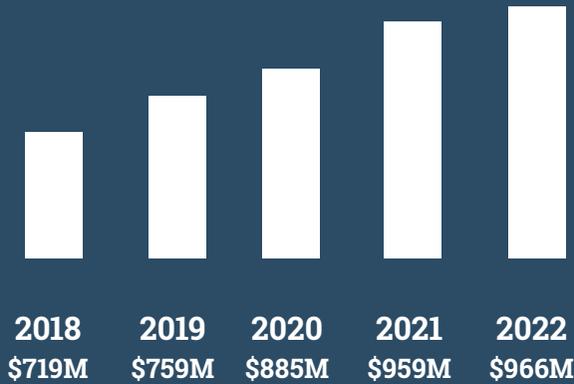
Interchange Fees and Service Charges	\$ 2,856,467	<b>\$ 2,740,615</b>
Other	1,404,093	<b>1,143,112</b>
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$ 4,260,560</b>	<b>\$ 3,883,727</b>

## NON-INTEREST EXPENSE

Salaries and Employee Benefits	\$ 11,094,412	<b>\$ 10,867,149</b>
Occupancy and Equipment	1,830,561	<b>2,151,667</b>
Operations	5,966,534	<b>6,424,362</b>
Loan Servicing	3,274,054	<b>2,993,995</b>
Professional Services	262,807	<b>349,567</b>
Other	913,542	<b>878,474</b>
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>23,341,910</b>	<b>23,665,214</b>
<b>NET INCOME</b>	<b>\$ 1,576,546</b>	<b>\$ 3,786,430</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**

After two years of sluggish loan activity due to the aftermath of the pandemic, 2022 was a breath of fresh air. A significant boost to our loan portfolio led the way to a solid financial performance for Michigan Educational Credit Union.

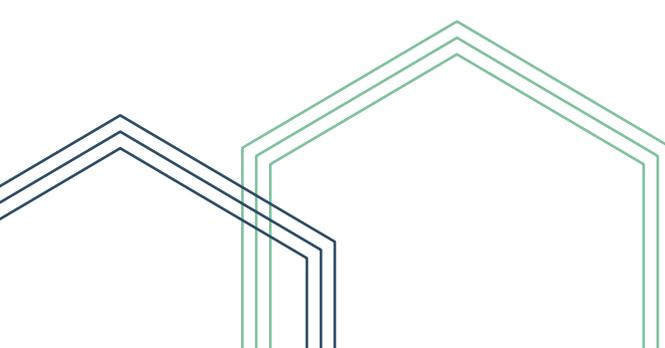
Ending the year with \$522 million in loans, we enjoyed an impressive 16% increase over our 2021 totals. Despite ongoing supply chain and chip shortage issues, auto loans kept our loan department very busy. In fact, our total number of loans rose by 8% from 29,297 in 2021 to 31,536

in 2022. These results are due in large part to our indirect loan program, which continues to grow. Now partnering with 56 local dealerships, MECU is attracting many new members via this channel. At the same time, our home equity portfolio grew by 29% while mortgage activity dropped off due to a steady increase in interest rates and a general slowdown of the housing market.

After many years of robust asset growth, we experienced a slight 3% drop in 2022, still ending the year above the \$1 billion mark. We also saw a slight increase in total member shares and deposits, up by almost \$7 million to \$966 million. After a drop in net income in 2021, we recovered with a healthy bottom line in 2022. Our final net income of \$3.8 million more than doubled our previous year's result.

If we've learned anything in the past few years, it's that you need to be prepared for everything. Michigan Educational Credit Union has a history of staying strong during the most adverse economic times. As we look ahead to 2023 and beyond, your Credit Union is prepared to face the challenges that lie ahead. We are honored to serve such a loyal and supportive membership. Thank you for your continued patronage.

William Wooster, Treasurer



# A 10-Year History

## ASSETS

## LOANS

<b>\$1 BILLION</b>	<b>2022</b>	<b>\$522 MILLION</b>
<b>\$1.1 BILLION</b>	<b>2021</b>	<b>\$449 MILLION</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>

# Financial Highlights

## 2022 Sources of Income



2022 Total Members: **50,274**

2021: 50,171 • 2020: 52,393 • 2019: 53,734 • 2018: 53,422

2022 Loans Outstanding: **31,536**

2021: 29,297 • 2020: 31,634 • 2019: 37,423 • 2018: 39,115

# Credit Committee Report



**Henry Willson**

In 2022, 32,472 loan transactions were completed at Michigan Educational Credit Union, for a total of \$193,068,401.

Whether they're on the go or busy at home, members have come to rely on the convenience and efficiency of our online loan application. Last year, we received a record 2,483 loan applications online, up from 1,831 in 2021, for a total of \$57,127,237 in loans.

Our auto loan business was booming in 2022 – despite ongoing chip shortage issues in the auto industry. Our indirect lending program continues to grow and now offers membership and loans to individuals at 56 dealerships in our market. Although mortgage activity declined with rising interest rates, our home equity loans remained an attractive financing alternative for many members looking to use equity in their home for consolidation, home improvements, or college tuition.

Inflationary times can be tough on consumers. At MECU, we always make a conscious effort to offer our members affordable solutions to their financial needs. We hope that you will think of MECU the next time you need to purchase a vehicle or finance any expense.

We are grateful to our members for their continued support and patronage. We would also like to thank our staff, management and board of directors for their dedication and hard work.

Henry Willson, Credit Committee Chairperson  
Lisa Kania  
Kelly Borowski

## Loan Portfolio Composition as of December 2022



**Mortgages 44% / Used Auto 28% / New Auto 11% / Home Equity 9%**  
**Other 4% / Personal 2% / Credit Cards 2%**

# From *Small Beginnings to Present-Day* Success

In 1942, Michigan Educational Credit Union formed under the name “Wayne Out County Teachers Credit Union” when 28 teachers pooled \$170 in assets together. Over the next eight decades, we built several branches, merged with other local credit unions, expanded our field of membership to the surrounding communities, and reached \$1 billion in assets! With 80 years’ experience under our belt, we’re looking forward to another 80 of serving our communities with the same dedication to our philosophy of “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. Today, we serve more than 50,000 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. Throughout the years, Michigan Educational Credit Union remains wholly committed to you, our members.



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2022



## 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  
Home Banking  
Online Bill Payment  
E-Statements  
Mobile Banking

# 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

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     |

**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**



Michigan Educational Credit Union ("Financial Institution") provides referrals to financial professionals of LPL Financial LLC ("LPL") pursuant to an agreement that allows LPL to pay the Financial Institution for these referrals. This creates an incentive for the Financial Institution to make these referrals, resulting in a conflict of interest. The Financial Institution is not a current client of LPL for brokerage or advisory services. Please visit [www.lpl.com/disclosures/is-lpl-relationship-disclosure.html](http://www.lpl.com/disclosures/is-lpl-relationship-disclosure.html) for more detailed information.





# 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



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



[www.michedcu.org](http://www.michedcu.org)

