

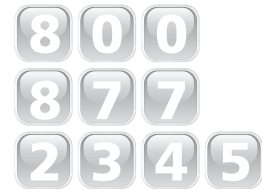
MoneyMatters

JANUARY 2009



Farmers Insurance Group
Federal Credit Union

New Phone Options, Same Great Service



Calling the Credit Union is easier with our new phone system. Simply say the name of the person or department you're looking for at anytime. Plus there are fewer menu options:

- 2** – Automated Account and Rate Information (FONLINE)
- 3** – Loan Information
- 4** – Online Banking, including PC-TIED or Bill Pay
- 5** – Deposit Accounts and Member Services

Our other 17 branches are being added to the system over the next 30 days, so you will be able to reach anyone at the Credit Union using the same 800 number – 800.877.2345.

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President's View



During trying economic times, and many pundits assert that these are the most challenging we've experienced since the 1930s, it's important that we keep things in perspective, and that we stay focused on what we can do to improve the overall situation. That's right, don't count yourself out! Remember that

positive change begins at home, in our hearts and guts, and is managed by our brainpower. It begins with individuals taking positive, constructive actions – every single day. We flirt with dis-empowering ourselves if we forget that. Robbing ourselves, even inadvertently, of that power means that we in turn weaken the rest of society by the degrees to which we have influence on it, that is, on others, and on organizations of all types. We all need to keep plugging away! We must stay positive in our own spheres of influence/power. Not to would be to accept defeat, and that runs contrary to our basic nature. We may not always be certain what our own missions are, but I think most of us accept the fact that life wasn't necessarily meant to be easy. We've got to work and study hard to be successful. We can't be lazy.

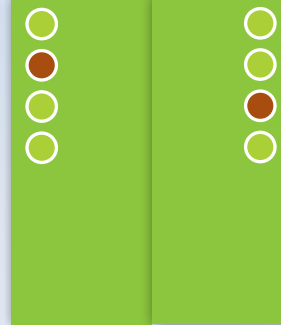
Striving to resolve conflicts. That's what we do. Only young children can sit back and let others solve their problems for them. When we are able to prevent problems in a proactive way (and sometimes good luck is with us!), we often end up taking those good times for granted, hardly even realizing all the hard work we did to get there. For the vast majority of us, it's more or less always been a struggle to get ahead. That is simply the nature of human life; it's rare to succeed over the long term without struggling through some bad times. The notion of being able to retire with a steady stream of retirement income to live comfortably from has only been around for 70 to 80 years or so. Most people's notion of retirement consisted of a not always solid vision of moving on to live with family members when they became too aged or disabled to make productive work contributions. Loners with nothing much set aside were often at the mercy of local charities. Social Security was created in the 1930s; did anyone think that it would be anything other than what it was then intended to be, just a stopgap against abject poverty? And if the self-employed taxpayer continuously minimizes the Social Security (FICA) self-employment tax by minimizing

taxable income, many self-employed people won't have even a decent Social Security pension.

What are some aspects of the dynamics that have created this economic morass we're now in, and what needs to happen to bring us out of it? First, did we really think that home values and the stock market could only go up? Apparently, some did. What about consumer/borrowers who didn't bother to read the fine print on their sub-prime, or even prime, ARMs, where it said the APR could go up by 300 basis points (3%), the same part that the only semi-scrupulous lender conveniently failed to discuss with them. And what about people who take the easy way out of debt, by filing bankruptcy without first doing the hard work and soul-searching of figuring out how to avoid it, that is, how NOT to spend beyond their means? Bankrupt consumers, and other borrowers, including commercial borrowers who just simply default on their debts are seriously impairing the financial condition of many lenders, causing them to be gun-shy about opening up their cash vaults to re-engage in the same kinds of lending products as before. Let's not forget about the super-large firms that mismanaged credit and interest rate risk to such a degree that they have now had to come to the federal government asking for bailout loans. The economy simply must see lenders get back in the lending game, home and stock values stabilize, and consumer trust/confidence in a brighter economic future move back up for overall prosperity to return. There are still many excellent-risk borrowers out there who will gladly repay their loans; they just have to be found.

Have no doubt; there are people out there buying depressed-value stocks today who will strike it rich when those companies get back on the upswing. And yes, it is just a question of when. Consumers in America drive 2/3 of the economy. Home prices will start to move back up when demand catches up with supply. And government spending will of course play a huge role in the imminent recovery as well, despite our huge deficits. It is envisioned that we will spend billions to shore up the nation's infrastructure (roads, technology, alternative energy research and development, defense, etc.). That will put many back to work, help protect current jobs, and hopefully lead to those long-term societal gains that soon to be President Obama and many others from all political persuasions are envisioning. We can all do our part, mainly by carrying on doing the things we know how to do best. Despair leaves when and where

Mark Smith



Your Money is Safe

However you choose to save in 2009, you can be confident that your Credit Union is a safe place to keep your money. FIGFCU accounts are insured up to at least \$250,000 by the National Credit Union Administration (NCUA). The Credit Union also provides up to an additional \$100,000 deposit insurance through American Share Insurance (ASI) on certificates at no cost to you.



Saving in the New Year

After the economic ups and downs of 2008, many Americans will be resolving to save more and spend less in 2009. Here are some tips to help you hold onto more of your money this year.

1 – Identify Your Savings Goals

Whether you need an emergency savings account or you're planning a vacation, it helps to know why you're saving. If it's a long term goal, then you could consider maximizing your savings with a savings certificate that earns more than regular savings accounts. Otherwise, the flexibility of a regular or online savings account might be a better choice.

2 – Develop a Regular Savings Plan

Set up automatic deposits from your paycheck to a high-yielding savings account. You may need to adjust your monthly budget to do so, but the funds will accumulate and grow before you know it.

3 – Look for Tax Savings Opportunities

Maximize your 401(k) and IRA contributions that are tax deductible. You'll save for retirement and lower your taxable income at the same time. Talk to your tax advisor about how much you should contribute to your retirement funds and other tax-saving opportunities, especially if you itemize your deductions.

To learn more about savings options and deposit insurance, visit us online at figfcu.com or call us at 800.877.2345.

MARK YOUR CALENDAR TO ATTEND THE CREDIT UNION'S ANNUAL MEETING!

WEDNESDAY, MARCH 25, 2009 12:30 PM – 1:00 PM

4601 WILSHIRE BOULEVARD, SUITE 110 • LOS ANGELES, CA 90010

PLEASE JOIN US FOR REFRESHMENTS!

Notice of Annual Meeting

Please mark your calendar

March 25, 2009 at 12:30 pm
Farmers Insurance Group Federal Credit Union
4601 Wilshire Boulevard, Suite 110, Los Angeles, CA

All members are invited to Farmers Insurance Group Federal Credit Union's (the "Credit Union's") Annual Meeting, which will be held on March 25, 2009, at 12:30 p.m. The Annual Meeting will be held at the Credit Union's headquarters, located at 4601 Wilshire Boulevard, Suite 110, in Los Angeles, California.

Members will have a chance to meet the staff and officials who make our Credit Union work. The Credit Union will provide reports on our current financial status, our plans for the future, and announce the results of our election.

Notice of Nominees

The Credit Union's Board of Directors has appointed a nominating committee to nominate at least one (1) nominee for each vacancy in accordance with the Bylaws. Under the Credit Union's Bylaws nominating policy, the nine (9) members of the Board of Directors should consist of the following:

1. Three (3) Board members representing the Agency Force (preferably one (1) District Manager and two (2) agents);
2. One (1) Board member representing the retirement community; and
3. Five (5) Board members from the Home Office Complex or local Regional Offices representing the following areas: accounting, auditing, investments, marketing, and regions.

In accordance with the nominating policy under the Bylaws, the members of the Nominating Committee for the 2009 Credit Union Election have nominated three (3) candidates on the ballot roster for three (3) open positions on the Board of Directors. Unless there are additional candidates nominated by petition, the three (3) candidates nominated by the nominating committee will serve on the Board of Directors. The three (3) nominees will each serve for a three (3) year term.

If there are additional nominations by petition, there will be an election by mail ballot. In that case, the three (3) candidates receiving the highest number of votes in the election will each serve for three (3) years.

The three (3) candidates selected by the Nominating Committee are set forth on the attached statement of qualifications and biographical data.

Petition for Nomination

Any member who wishes to petition for nomination to serve on the Board of Directors may do so by submitting a petition for nomination with the original signatures of at least 420 Credit Union members no later than 3:30 p.m. on February 13, 2009. Each nominee by petition must submit a signed certificate stating that the nominee is agreeable to nomination and will serve if elected. The nominee should include a statement of qualifications and biographical data with his or her certificate. Anyone wishing to use the petition process should contact Gladys Garcia at the Credit Union at 323.209.6006. A posting of all nominees will be made at each Credit Union office on February 18, 2009.

Please note that there will be no nominations from the floor at the Annual Meeting because nominations are only permitted by petition or by the Nominating Committee.

Voting Procedure

As noted above, the Nominating Committee has nominated one (1) candidate for each position to be filled on the Board of Directors. If the Credit Union receives one (1) or more additional, valid petitions for nomination, there will be more nominees than positions to be filled. In that case there will be an election.

An election, if necessary, will be determined by plurality vote and will be conducted by mail ballot, which will be mailed on or about February 23, 2009.

NOMINATIONS

Each nomination to the Farmers Insurance Group Federal Credit Union's Board of Directors should include: nominee's name, number of years with Farmers or other Select Employer Group that is eligible for FIGFCU membership, job title and duties, current responsibilities, and information related to how this experience would serve the FIGFCU Board and the Credit Union's members. Nominations should be limited to a maximum of 125 words.

Qualifications for the three incumbent nominees are listed below.

Laszlo Heredy

Laszlo Heredy joined Farmers in March 1974 as Portfolio Manager, Equity and Fixed Income Investments, a position he held until 1980, when he was promoted to Director – Fixed Income Investments. In 1987, Mr. Heredy was promoted to Assistant Vice President – Investments, and in March 1988, he became Vice President – Fixed Income and Investments and Real Estate. Later, he was appointed Vice President and Chief Investment Officer and in 2004, Mr. Heredy was appointed Head of Regional Investment Management, North America for Zurich Global Investment Advisors (ZGIA) and was responsible for the management of Farmers' as well as Zurich North America's and Centre's investment portfolios. Currently, Mr. Heredy serves as the Senior Vice President and Chief Investment Officer of Farmers Group, Inc. He has been an FIGFCU board member since 1992 and currently serves as the Chairman of the Board.

Jim Snikeris

Jim Snikeris joined Farmers in 1978 as a trainee in the Aurora, Illinois Region. After serving as Policywriting Supervisor and Policy Service Manager in the early 1980s, Mr. Snikeris moved to the Home Office in Los Angeles, CA and became Service Operations State Manager. In 1985, he transferred to the Merced, California Regional Office as Administrative Services Manager and in 1987 Mr. Snikeris moved to the Pleasanton, California Regional Office to serve as Regional Commercial Manager. There he was named Sales Manager of the Region in October 1989. In January 1992, he returned to Home Office as Director of Field Operations, and after moving through the ranks, he was appointed Vice President – Marketing in 1995, and later Vice President – Business and Technology Integration. Since that time, he has also served as President – Prematic Service Corporation and Executive Director of the Austin Service Center. Currently, Jim is the Vice President – ServicePoint. Jim's strong operations and marketing experience within Farmers has provided much insight for the Credit Union's Board of Directors.

Roy Smith

Roy Smith joined Farmers in 1985 as a Personal Lines Underwriter in the Mission Regional Office. He moved to the marketing department in 1986 as a Sales Management Trainee, and held additional positions in marketing throughout the late 1980s. In 1990, Mr. Smith transferred to the Portland Regional Office as Regional Education Marketing Manager and also served as Marketing Administration Manager and Division Marketing Manager while in Portland. Mr. Smith then moved to the Colorado Springs Regional office in 1997 to assume the position of Regional Marketing Manager. While there, he was promoted to State Executive Director – Colorado and assigned as State Executive Director - Ohio. In 2002, Roy Smith was promoted to Vice President – Sales, Home Office and in 2004 he was appointed Executive Director for Southern California. Having briefly served as the Zone Vice President for the Western State Operations, Mr. Smith is currently the Senior Vice President for the Western Zone Field Operations Department. He has served on the FIGFCU Board of Directors since March 2005.

Loan Rates

AUTO Fixed Rates

% Financed	Term	NEW (APR as low as*)	USED (APR as low as*)
80%	36 mo.	4.62%	4.87%
	60 mo.	4.87%	5.12%
90%	36 mo.	4.87%	5.12%
	60 mo.	5.12%	5.37%
100%	36 mo.	5.12%	5.37%
	60 mo.	5.37%	5.62%

HOME EQUITY** Terms up to 240 months

% Financed	Fixed Rate (APR as low as*)
80% or less (owner occupied)	6.99%
75% or less (non-owner occupied)	7.74%

HOME EQUITY LINE OF CREDIT**

% Financed	Variable Rate (APR as low as*)
80% or less (owner occupied)	5.55%
75% or less (non-owner occupied)	6.30%

MORTGAGE LOANS Please call 800.877.2345 ext. 677 for the most current mortgage rates.

*APR = Annual Percentage Rate. Rates listed are current as of 12/18/08 and are subject to change without notice. Rates listed are FIGFCU's preferred rates based on applicant's creditworthiness and Direct Deposit discount of .25%, if applicable.

**Home Equity Loans and Lines of Credit are available in AZ, AR, CA, CO, ID, IL, IN, KS, MI, MN, MO, NV, NM, OH, OK, OR, TN, UT, WA, and WI.

MoneyMatters

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Farmers Insurance Group Federal Credit Union

800.877.2345
www.figfcu.com

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BOARD OF DIRECTORS: Laszlo Heredy,
Chairman of the Board, Managing Director -
Senior Vice President - Chief Investment Officer,
Farmers Group, Inc.
Jan Larsen, Retired, Secretary/Treasurer.
Michael Ashe, Agent.
Frank Ceglar, VP & Associate General Counsel-
Property & Casualty.
Kenneth Carroll, Retired.
Ed McMahan, District Manager.
Marilyn Huntamer, Agent.
Roy Smith, Senior Vice President, Field
Operations.
Jim Snikeris, Executive Director.

Supervisory Committee: Andy Purl,
Chairman, Director, Risk/Audit Services.
Fred Galindo, Accounting Supervisor/Payroll.
Lewis Williams, Director of IS Budgets and
Administration.
John Steins, Director-Commissions.

Executive Editor: Mark Herter, President/CEO.

Contributing Editors:

Marissa Lott, Marketing Specialist.
Beth Rodgers, VP Marketing and Training.

NCUA Your non-IRA savings are federally insured
to \$250,000, IRAs to \$250,000, by the
NCUSIF, National Credit Union Share Insurance Fund, an
arm of the NCUA, National Credit Union Administration,
a U.S. government agency.

ASI Additional coverage of \$100,000 on share
certificates and \$250,000 on IRA accounts
provided through American Share Insurance, a private
Credit Union insurer, at no additional direct cost to our
members.

We do business in accordance with the
Federal Fair Housing Law and The Equal
Credit Opportunity Act.

Be Prepared for the Next Holiday Season

It's never too early to start thinking about how you're going to afford all of those holiday gifts and entertainment in the next year. A Holiday Club account from FIGFCU makes it easy to start saving now.

Open yours today and set up automatic deposits from your paycheck or your checking account. Your savings will add up all year and the balance will be transferred to your savings or checking account* in early November – just in time for holiday shopping.

Open an account online at figfcu.com. Or call or visit your local branch.

*A \$20 early withdrawal penalty applies.

Check out our
new website at
figfcu.com!



Download Locations to Your GPS Device

FIGFCU members with devices from Garmin or Tom Tom or other navigational systems can now easily download shared branch locations and CO-OP Network ATM locations to their devices. Visit figfcu.com and click on "Locations" to download locations to your navigational device.

In addition to the GPS download function, members can call 800.919.2872 for turn-by-turn directions to the nearest shared branch or text their location – address, intersection, or zip code – to MYCOOP (692667) from any mobile phone to get a list of nearby ATMs.

More than 3,500 shared branches and 28,000 free ATMs are available to FIGFCU members to conduct business on their FIGFCU accounts through the CO-OP Network.

