



# MoneyMatters

Agent Edition

## “Must-Keep” Financial Resolutions for 2018.

Here's our top three financial resolutions gleaned from experts over the last few New Years. If they seem familiar, they tend to be high on peoples' lists, or at least—according to the experts—should be. Keep even one and you're off to a great start!

### 1. Pay off (or down) debt.

**Forbes Magazine** gives two important guidelines: pay down principal vs. interest, and refinance for lower rates. Switching to lower-rate cards, like those at your Credit Union, can help. And the Huffington Post has a trick to “psych” you into paying down debt. Avoid even a few impulse purchases, and instead “spend” the cash by putting it into a separate account to pay down debt. And if you doubt a few less impulse purchases each month will help, a leading bank gives this example: it can take 13 years to pay off a \$1,500 credit card balance with an 18.00% APR if you only pay a \$37 minimum. But if you increase the monthly payment by \$10 (a few proverbial cups of coffee a month), you'll pay off the card in less than four years.

### 2. Build a “non-emergency” emergency fund.

For big risks—the major emergencies—we “get insurance.” But smaller non-emergency emergencies can also hurt, like an AC breakdown after the warranty runs out. **The Motley Fool** magazine elaborates—by having a fund for minor emergencies you avoid increasing your debt (our #1 resolution!). The experts at WalletHub suggest you target a month's salary to build this fund, but even if you don't get there in a given year, having a target is a good motivator. Another helpful tool is a dedicated account for emergency expenses. And it's a great idea to make the savings automatic with little,

regular deductions over time. Your Credit Union's My Account savings account does exactly this and pays interest. One major survey found some 75% of Americans were hit by unforeseen expenses in any given year—so the odds are you'll make good use of your emergency fund soon enough.

### 3. Review your credit score.

**Investopia Magazine** reminds us that after we review our score—take steps to improve it! Your Credit Union is one good source of free “no hit” scores (on monthly statements by request). You probably already know that by having and keeping good credit you can qualify for lower loan rates. And on the flip side—good credit helps you avoid taking on harmful levels of debt due to excessively high rates. Good credit can also factor into your chances of getting hired, or getting approved for an apartment rental. One popular way to increase your score is to use credit cards responsibly. They help towards achieving a varied mix of credit types, and demonstrating how well you manage credit. Both of these are important as fully 10% of your FICO score comes from credit mix and how you manage credit. One caveat, however, that many miss. You can actually lower your credit score by closing old credit card accounts you “no longer need.” The average age of your accounts is a significant part of credit scores, so it's important to keep open the oldest cards!



## CEO's View

Happy New Year! All of us at your Credit Union hope it will be a healthy and rewarding one for you and yours. And, to make 2018 more rewarding for you, our Savings account dividend rates are getting a bump, with our Money Market rates moving up markedly.

I have always said that regardless of dividend returns, it is NEVER a bad time to save money. Saving money every single month (after paying yourself) has huge psychological value. With regular savings accumulating, you know that if your car needs a major repair, or your refrigerator blows the compressor, you can take care of it financially.

However, with rates moving up, you should be saving more than you were last year!

In 2017 our "Your Credit Union Gives Back," program, which has run for over five years, returned an additional \$2.25 million to our active members over and above our superior product pricing! We aspire, in our 2018 budget, to at least equal that, and probably exceed it.

As a borrower, other than borrowing prudent amounts, what is the most important promise you should keep to yourself? Paying all your bills on time, of course! Why? Because that is the primary way you build up and maintain a good credit score. As a consumer, having a good to great credit score is one of your biggest "off balance sheet" assets! That virtually assures that when you need (or want) to borrow, you'll be able to.

Nonetheless, it is most prudent to always have a comfortable savings account balance, even when you know you'd be able to borrow in an emergency. It is just never a good idea to have nothing in savings. A good rule of thumb is to have enough in savings to meet all of your regular monthly expenses for six months. Frankly, that is a lot more than most adults in America have in savings, but it's a great goal to work towards.

So, since it is the season to make new goals, what about it? Will you save more this year than last?

All the best in 2018, and beyond.

A handwritten signature in black ink that reads "Mark Herter".

Mark Herter  
CEO



## Naji Garabet,

Farmers District Manager  
An Artist in Business and Life

For this issue, our editor sat down with Pasadena (CA)-based, Farmers District Manager, Naji Garabet, to learn about behaviors that promote success in his business, and to get practical advice for a jump start on the New Year. All this honed by Naji's more than 25 years in business.



## The American Dream is Alive and Well!

Born in Lebanon, Naji came to the U.S. from Beirut, which is considered to be “The Paris of the Middle East.” In his late teens, he worked in his family’s 3rd generation business as an artist designing fine jewelry. His “other” career took off in 1991 when Naji joined Farmers and attended Career School. But as he tells it, his most important education of all “was America.”

By his own admission Naji gets “high on the insurance business every day,” noting: “Where else can you get paid five thousand dollars in commission for having a conversation with someone?” When asked how he turns a conversation into a business, he returned to some of his other skillsets, noting: “Like the jewelry business, there’s something of an art to it [selling insurance]. It also uses a lot of psychology [Naji studied this in college] which is basically the understanding of the mind and human behavior.”

“A good insurance agent,” Naji explained, “uses this understanding to tell a story. And of course to close.” “It’s less about salesmanship and more about personality and ability to communicate,” he added. When the conversation turned to what makes him most excited—he first cited his formal job-description. “Officially, my job description is ‘to recruit, train and manage insurance agents.’ My real job, however, is as a business coach—to realize potential. And my biggest pleasure is to take a 27/28 year old newlywed, driving a Honda Accord, and in five years to get them into a BMW and \$200-300 thousand in income.”

To achieve this earning power, we asked Naji if there were any golden rules. “This is first and foremost a people business. The client signs our check so our obligation is to help them manage their [insurance] coverage with the right product at the right price. We do not ‘sell insurance,’ we help people secure proper coverage.” Naji added: “Always tell clients the truth. And don’t oversell them. You want to be able to sleep at night knowing nothing will come back to haunt them—or you.”      *Continued on page 5*

# Employee Spotlight



Meet Senior Loan Officer

## Sue Rahn

Your Credit Union wouldn't be the same without all of our fantastic employees. Get to know our team a bit better in our Spotlight series.

### Five hashtags that describe you?

#highenergy, #lovetocook, #familyoriented,  
#lovehelpingothers, #greenthumbs

### Favorite music, sport teams and recreation?

I love most music including country, rock n roll and Chance the Rapper! My local team is the Cubs. I love digging the dirt (aka gardening); preparing food whenever family/friends stop by; and putting on great-value community theatre to support free dental care for children (30 years and going strong!).

### In your own words—what is your job?

As a loan officer I work with the "human side of things," and like to understand members' needs and circumstances, whether it's to help them in emergency situations, or as a facilitator of dreams, or helping insurance agents grow their businesses and attain stability.

### A secret talent and ambition?

I do a mean British accent! When I was a kid I wanted to be a writer. But you know life takes you in different directions. That creative side of me is tapped into when I do community theater. [Sue writes scripts as well as helps design sets, costumes and lots more].

### A piece of wisdom to live by?

Be open-minded and stop and think before you judge someone. There's such a lack of empathy in the world. You know the old saying 'don't judge a person until you've walked a mile in their shoes'. This applies to work and to life in general. ■

## Continued from page 3

Moving to tactical “tools of the trade”—we asked Naji to share some New Year’s, good housekeeping tips to help get agents off to a good start and keep them there. Here are his top five:

- Prepare for taxes early [2019 taxes]. Get a Tax-Saver account offered by your Credit Union so you can pay quarterly taxes on time.
- Get separate accounts for business and payroll. It’s more secure to pay wages out of a minimally-funded payroll account. This limits the chance of employee fraud, like successfully being able to cash the same check twice [Naji learned this lesson the hard way].
- Get an IRA account for retirement savings and also for the tax deduction.
- Commit to buying your own building. The example Naji gave is a 5-6 unit building in a strip mall. “You occupy one and rent the others. You earn four ways”: lower payment for your office than renting; rental income; you build equity in the building; and you can write off depreciation on the building against taxes.
- Above all,” he ended: “it’s a must to have credit backup...You never know when you will find a goldmine employee, but if you cannot pay them—at least for the first 2-3 months until they start producing—they will go elsewhere.” He stressed that’s why contract value is so critical: “Banks will say no as you don’t have enough inventory [cash] for them to loan against.” [The Credit Union understands the agent’s business so we can provide lending options that the big banks simply cannot].

As we were saying our goodbyes, we asked Naji to sum up what had made him successful. He barely missed a beat: “I’m a good storyteller. And I teach my agents how to tell good stories.” ■

### Avoid Surprises This Tax Season

with a Tax Saver Account

Learn more at [figfcu.org/savings](http://figfcu.org/savings)

## Loan Rates

### AUTO Fixed Rates

Term	Fixed Rate (APR <sup>1</sup> as low as)
48 mo.	1.99%
60 mo.	2.49%
72 mo.	2.99%

<sup>1</sup>APR=Annual Percentage Rate. Rates listed are current as of 1/1/2018 and are subject to change without notice. Rates shown are our preferred rates based on credit worthiness and a 1.00% Direct Deposit/Folio Direct Deposit discount, if applicable and a 0.25% discount when you purchase through the Farmers Insurance Car Buying Service. <sup>2</sup>Borrow up to 60% of Contract Value if you are a DM or your average monthly sales count is 150+. Otherwise, borrow up to 50%. <sup>3</sup>Borrow up to \$50,000.

### AGENCY SECURED<sup>2</sup> Terms up to 144 mo.

Type	Rate (APR <sup>1</sup> as low as)
Variable	4.49%
Fixed	5.49%

### AGENCY SECURED LINE OF CREDIT

Type	Rate (APR <sup>1</sup> as low as)
Variable	5.49% <sup>3</sup>

## Calendar



JAN

15

### MLK Jr. Day

Credit Union Closed

MAY

2

### Annual Meeting

at 12:30 PM PT  
Farmers Insurance  
Federal Credit Union  
4601 Wilshire Blvd.  
Suite 110  
Los Angeles, CA 90010

## It's like a workplace high-five.

Get a discount on select Sprint monthly data service because of where you work.



### Sprint Discount Program

**18%** Discount for members  
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Applies to select regularly priced Sprint monthly data service.

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- Build equity in the building
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- We understand your business



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Quarterly publication of  
Farmers Insurance Federal Credit Union

**800.877.2345**  
[www.figfcu.org](http://www.figfcu.org)

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### BOARD OF DIRECTORS

**Scott Lindquist**, Chairman of the Board, Executive Vice President and Chief Financial Officer

**Michael Ashe**, Agent

**Frank Ceglar**, Retired

**Danny Davison**, District Manager

**Carl Hackling**, Head of Distribution

**Marilyn Huntamer**, Agent

**Ed McMahan**, District Manager

**Linda Sanazaro**, Head of Enterprise Operations

**Jim Snikeris**, Retired

**Rudy Trevino**, Chief Compliance Officer, FGI

**Lewis Williams**, Chairman, ZFUS Director of IT Finance

### Supervisory Committee

**Leeann Badgett**, Controller, Farmers New World Life

**Derek Ferrendelli**, Head of Personal Lines Finance

**Mary Monesi**, Director, Corporate Finance, Expense Analytics

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.



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



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FARMERS INSURANCE  
FEDERAL  
CREDIT UNION

# Notice of Annual Meeting

Please mark your calendar

**Wednesday, May 2, 2018 at 12:30PM PT**

Farmers Insurance Federal Credit Union

4601 Wilshire Boulevard, Suite 110, Los Angeles, CA 90010

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All members are invited to Farmers Insurance Federal Credit Union's (the "Credit Union's") Annual Meeting, which will be held on Wednesday, May 2, 2018 , at 12:30PM PT. 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 eleven (11) members of the Board of Directors should consist of the following:

The Board of Directors shall be comprised of individuals with a solid business cross-section from various fields of expertise. Further, and in particular, the Board shall represent the Farmers agency force, all retirees, and Farmers corporate employees.

In accordance with the nominating policy under the Bylaws, the members of the Nominating Committee for the 2018 Credit Union Election have nominated three (3) candidates 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 for three (3) year terms. The Credit Union has a staggered 3-year term Board election Bylaw for all Directors, going forward on a 3-4-4 (total of 11 Directors) election basis, every year.

If there are additional nominations by petition, there will be an election by mail ballot. In that case, the candidates receiving the highest number of votes in the election will each serve their appropriate terms.

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 430 Credit Union members no later than 3:30PM PT on Wednesday, March 21, 2018. 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 branch by Wednesday, March 28, 2018.

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 would be mailed/mailed on or about Wednesday, April 11, 2018.

## The following individuals have been nominated by the Committee.

### Each nomination to the Farmers Insurance 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 Credit Union membership, job title and duties, current responsibilities, and information related to how this experience would serve the Credit Union Board and members. Nominations should be limited to a maximum of 200 words.

### Qualifications for the three incumbent and three appointed nominees are listed below.



**Carl Hackling, Head of Distribution.** Carl is currently the Head of Distribution responsible for Farmers' network of 13,000 agents and 300 District Managers. In his current role, he is leading Farmers' initiatives for building one sales organization and agent compensation.

A 30-year insurance veteran, Carl joined Farmers Insurance as the President of Zurich Small Business in 2008. Utilizing his experience in commercial insurance and executive management, he led the integration of the business within Farmers. In 2012, Carl made the transition to Distribution and has had several roles in the field as well as Home Office. He led the Atlantic Zone from 2015 to 2017.

Carl's career started in 1986 with Aetna, where he worked as a commercial underwriter and continued to increase his responsibilities over the 8 years he was there. He joined American International Group in 1995, where he ran several of their underwriting profit centers and held regional management roles in AIG's \$8B region in the Southeast. Prior to joining Farmers, Carl was the Vice President of Hanover Insurance's Southeast regional office.



**Jim Snikeris** (Retired) served as the Head of Real Estate for Enterprise Operations at Farmers Insurance. Jim joined Farmers in 1978 as a trainee in the Aurora, Illinois Region. In 1980 he became Policy writing Supervisor, and in 1981, Policy Services Manager. In 1984 Mr. Snikeris transferred to the Home Office in Los Angeles, California to assume the role of Service Operations Staff Manager. He then transferred to the Merced, California Regional Office in 1985 as Administrative Services Manager. In 1987 Mr. Snikeris moved to the Pleasanton California Regional Office to serve as Regional Commercial Manager. He was named Sales Manager of that Region in October 1989. From 1992 to 2006, Jim held positions in the areas of Operations, Special Assignments, Marketing, Business Development, Technology, and served as VP of ServicePoint. Mr. Snikeris is a member of the National Honor Society and has served on numerous Boards, and has been on our Board since 1995. Jim retired from Farmers on January 4, 2015.



**Rudy Trevino is the Chief Compliance Officer for Farmers Group, Inc.** He is responsible for Compliance programs across all of the Farmers Insurance Group of Companies, and is a member of the Zurich Compliance Executive Team. Rudy also leads and participates in several internal management and governance committees at Farmers. His experience at Farmers includes working in field operations and Home Office. During his 30+ years at Farmers, he has held management positions in the areas of Accounting, Finance, Internal Audit, Information Technology, Project Management Office, Risk Management and Compliance. Rudy also had responsibility for Zurich's Risk Management program in Latin America, and has worked on Zurich projects involving its Latin American companies, such as the Zurich and Santander Bank joint venture. Rudy has served on other for-profit and non-profit Boards of Directors as well. Prior to joining Farmers he worked at a Certified Public Accounting firm.