



Farmers Insurance Group
Federal Credit Union



Money Matters

October 2008

Health Savings Accounts



Choosing health benefits can be challenging. The combination of a High Deductible Health Plan (HDHP) and Health Savings Account (HSA) may be the best option to help you save money on your medical expenses.

You can contribute money to an HSA on a pre-tax basis to pay for qualifying medical expenses such as doctor visits, prescription drugs, and more. Plus, unused money in your HSA rolls over to future years, so there's no pressure to use all of your savings before the end of the year.

It's easy to open an HSA.

You'll earn a great rate and all you need to start your account is \$20. You can even set up automatic deposits from your paycheck. Simply log onto www.figfcu.com, visit your local FIGFCU branch, or call 800.877.2345 to learn more.

2009 Contribution Limits

Self Coverage	\$3,000
Family Coverage	\$5,950
Catch-up for members over 55	\$1,000

What's Inside:

- ◆ Letter from the President
- ◆ Go Green Auto Loan Rebate
- ◆ Tax Saver Account
- ◆ International Credit Union Day
- ◆ Guaranteed Asset Protection for your Auto Loan

Money Market

Get up to \$100 cash*

Open a Money Market account with at least \$10,000 and get a cash bonus!

A Money Market account offers you the earning power of a certificate with the convenience of a checking account. Plus, you can make unlimited withdrawals in person.**

Deposit	Bonus
\$10,000-\$25,000	\$50
\$25,001 or more	\$100

*\$100 bonus applies to deposits of \$25,001 and over. Deposits of \$10,000-\$25,000 will receive a \$50 bonus. Funds to open this account must be new money and cannot be transferred from any existing FIGFCU account. One bonus per member. Member must be in good standing. Bonus will be deposited to member's Membership Savings (\$1) account 90 days after funds are deposited to Money Market account. Limited time offer.

**Withdrawals must be at least \$250.

President's View

No doubt about it, we are seeing some “turbulent” economic times at present. Actually, maybe the word “painful” comes to mind more readily. What has brought on the collapse of some of the once most venerated firms? I certainly am not an expert, but I can tell you about some of our practices, something about our philosophy of service first and profit second, and some things that we haven’t done and won’t do going forward. I will do a little elementary comparing and contrasting of those practices and philosophy. You can then decide for yourself where to be the most active with your money and money-management strategies.

First let me discuss some salient facts about our financial safety and soundness. In our 73 years, we have accumulated retained earnings (reserves, capital, or equity) of about \$80 million. That figure is growing moderately monthly. But to say that it is still growing at all is saying quite a bit these days, isn’t it? Growing means we still have a positive bottom line, something that will continue to make the Credit Union a very safe place to save and conduct business. And that is happening, this growing of our capital, without a primary emphasis on profit. What is our first emphasis? Service! Is our focus on service the reason that we’re profitable? Again, you can decide that for yourself;

it’s a rhetorical comment anyway. Our \$80 million of reserves? That’s about \$35 million or so more than our federal regulator says we need to be well capitalized. Not just adequately capitalized, but well capitalized. That translates to an extremely solid financial position overall.

So, why have some of these other institutions failed or needed a bailout? People in the financial industries have asserted/speculated that it’s been due to greed, excessive risk-taking in pursuit of yield (trying to increase net earnings a bit too much), stupidity and/or illegal acts, to name a few. Our unwillingness to face historical realities may also be a contributor. After all, our best indicators of what the future holds lie in the past and irrational people don’t want to admit that. Remember the “ancient” history of Enron? Some people say, and a jury agreed, that what their top management did was illegal and deliberate. We won’t know for awhile whether or not today’s current woes have stemmed from illegal acts; time will tell.

More to the point, what’s going on at your Farmers Insurance Group Federal Credit Union? When we take in your share deposits, we immediately seek to find another member, who may need a loan. We get incredibly healthy risk diversification that way. If we have more



shares dollars than loan dollars, which we typically do in order to be adequately liquid in cash holdings, etc., we invest that excess not in stocks and bonds of publicly traded firms on Wall Street, not in subprime mortgages, and not in foreign investment schemes. We invest in you, our members, and keep the vast majority of our assets inside the credit union industry.

We have many members with high enough shares and certificates balances that they’ve surpassed the government and ASI private insurance limits provided by the NCUSIF and ASI respectively. While I always advise our members to do whatever allows them to sleep the best at night, I also will tell you that we are comfortable with you having uninsured funds on deposit with us. Why? Refer back to that \$80 million I quoted above.

Please contact me personally should you have any questions about our overall safety and soundness. I will do my best to explain to you how we manage your assets prudently.

Mark Herter
Mark Herter
President/CEO

Holiday Closings

Thanksgiving



Thursday, November 27
Friday, November 28

Christmas



Wednesday, December 24
at 11:30am
Thursday, December 25
Friday, December 26

New Year's Day



Thursday, January 1, 2009

GO GREEN



\$100 Hybrid Auto Loan Rebate*

While we can't do anything about gas prices, we can help you finance your new or used hybrid or fuel efficient vehicle with low rates and flexible terms up to 84 months. Plus, for a limited time, you'll get \$100 cash!

- Rates as low as 4.00% APR**
- No application fee
- No prepayment penalty
- Options for first time auto buyers

Save Even More with Direct Deposit

If you have Direct Deposit at FIGFCU, you'll save even more with a .25% rate discount. Don't have Direct Deposit? Sign up and get .25% off your rate and another \$100!†

Apply Online or Over the Phone

Log into PC-TIED online banking, select Loans, then Apply for a Loan. If you've never used PC-TIED, call us at 800.877.2345 and select option 7 to get a password. Or select options 6, then 2 to apply over the phone.

Questions? Visit your local FIGFCU branch or call us at 800.877.2345.

*The \$100 rebate applies to auto loans for hybrid or fuel efficient vehicles with an EPA rating of 30+ MPG highway. Loans subject to credit approval. Rebate will be deposited into member's Membership Savings (S1) account within 30 days after loan is funded. Refinances of current FIGFCU auto loans do not qualify for this offer. Offer expires November 30, 2008.

**APR = Annual Percentage Rate. Rate shown is variable and is current as of 10/01/08. Rate is FIGFCU's preferred rate based on credit worthiness, 80% financing, 36 month term, and Direct Deposit discount. Rates are subject to change at anytime.

†\$100 cash bonus: Offer is valid on new Direct Deposit sign-ups of net check only and cannot be combined with other offers. \$100 cash bonus will be deposited into member's Membership Savings (S1) within 30 days after Direct Deposit becomes effective. Member must remain on Direct Deposit for at least one (1) year or \$100 may be forfeited.



Save for Quarterly Taxes

The new Tax Saver account makes it easy to save for your quarterly taxes. Set up monthly deductions from your folio and relax knowing the funds are there each quarter when taxes are due.

Tax Saver funds are automatically transferred to your checking or savings account whenever you choose, four times per year. There's no minimum balance requirement and Tax Saver pays a premium rate, so you'll earn more on every dollar you deposit.

Open a Tax Saver account today online at **www.figfcu.com**. We can even help you set up folio deductions so that you can begin saving right away.

Questions? Visit your local FIGFCU branch or call us at **800.877.2345**.

International Credit Union Day

Thursday, October 16, 2008

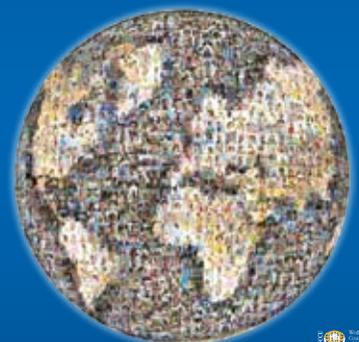
At credit unions throughout the world, every customer is both a member and an owner. This October, credit unions will once again celebrate the democratic, cooperative spirit of the credit union movement on International Credit Union Day.

Today, over 177 million people belong to more than 49,000 credit unions around the globe.

Thank you for being a part of the credit union difference!

More than 170 million members worldwide

it **my credit union**
belongs
to me™



LOAN RATES

AUTO Variable Rates

% Financed	Term	NEW (APR as low as*)	USED (APR as low as*)
80%	36 mo.	4.00%	4.12%
	60 mo.	4.12%	4.37%
90%	36 mo.	4.12%	4.37%
	60 mo.	4.37%	4.62%
100%	36 mo.	4.37%	4.62%
	60 mo.	4.62%	4.87%

HOME EQUITY** Terms up to 240 months

% Financed	Fixed Rate (APR as low as*)
80% or less	6.99% [†]
81-85%	7.99%

HOME EQUITY LINE OF CREDIT**

% Financed	Variable Rate (APR as low as*)
80% or less	6.43%
81-85%	7.43%

AGENCY LOANS We have loans for every stage of your career.

	Career Agent	Agency Builder	Agency Secured
Rate as low as	9.49% APR*	7.74% APR*	5.00% APR*
Designed For	Agents who have completed University of Farmers Career Class	Full-time agents in the Run-to-Daylight program	Agents and DMs with established contract value
Borrow up to	\$7,500	\$35,000 (in three intervals)	60% of Contract Value•
No application fee	✓	✓	✓

Apply for an agency loan online at www.figfcu.com or contact your local FIGFCU branch.

*APR = Annual Percentage Rate. Rates listed are current as of 9/25/08 and are subject to change without notice. Rates listed are FIGFCU's preferred variable rates based on applicant's creditworthiness and Direct Deposit discount of .25%, if applicable.

**Rates shown are for Owner-Occupied. 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.

**Sign up
for
Direct Deposit
and get
\$100!***

Folio Direct Deposit is the fastest, most secure way to get your payroll or Social Security check. Sign up for Folio Direct Deposit to an FIGFCU checking account and get:

- ◆ \$100 cash*
- ◆ .25% rate discount on Vehicle Loans and Agency Secured Lines of Credit
- ◆ FIGFCU Guarantee - If folio posts late, we'll cover checks scheduled to clear during the delay**

Visit www.figfcu.com, call **800.877.2345**, or contact your local FIGFCU branch to learn more.

*\$100 cash bonus offer is valid on new Direct Deposit sign-ups of net check only and cannot be combined with other offers. \$100 cash bonus will be deposited into member's Membership Savings (\$1) within 30 days after Direct Deposit becomes effective. Member must remain on Direct Deposit for at least one (1) year or \$100 may be forfeited.

**Up to your average folio amount.

Money Matters
FARMERS INSURANCE GROUP FEDERAL CREDIT UNION

Quarterly publication of Farmers Insurance Group
Federal Credit Union

© 2008 by Farmers Insurance Group
Federal Credit Union. All rights reserved.



Farmers Insurance Group Federal Credit Union serves agents, employees, retirees and their families of Farmers Insurance, as well as some select employer groups. Service is provided nationwide via 18 offices and through diverse remote electronic channels.



Your non-IRA savings are federally insured to \$100,000, IRAs to \$250,000, by the NCUA, National Credit Union Share Insurance Fund, an arm of the NCUA, National Credit Union Administration, a U.S. government agency.



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.

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.

To assist members in sound financial planning and in the evaluation of financial institutions, *Money Matters* is published by:
Farmers Insurance Group Federal Credit Union. P. O. Box 36911 Los Angeles, CA 90036-0911

MISSION: Providing value, safety and service to enhance our members' financial lives.