

**NCPCU Courier Newsletter**  
**March/April 2010**

**Baltimore Speakers Paint a Picture of Postal Credit Unions' Future**

Baltimore, Maryland--An information-packed agenda highlighted NCPCU's 27th Annual Conference in Baltimore earlier this month. On hand to bring the group up to speed on the latest at USPS Headquarters was Mitzi Betman, Vice President of Corporate Communications. Attendees also heard from Jay Johnson of Callahan & Associates about how postal credit unions compare to all credit unions in terms of growth and other trends. One of the most talked-about presentations was given by CUNA's Chief Economist Bill Hampel, who discussed signs of an economic recovery including rates of savings, debt and consumer confidence. Specifically, he outlined how credit unions might respond to the new economic environment with these tips:

Try to avoid penalizing members with higher fees and loan rates, and lower dividend rates just to protect net income if capital is adequate

Net worth is more important than net income

Rising delinquency rates and loan losses do not necessarily require major modifications in lending policies

Hampel's entire presentation, as well as the other conference presenters' materials, can be found on the NCPCU website at [www.ncpcu.org](http://www.ncpcu.org).

**Three Incumbents Reelected to Board**

During NCPCU's Annual Business Meeting in Baltimore on April 19, all three incumbent directors who ran for the Board were reelected to serve three-year terms. At a subsequent reorganization meeting, the following slate of directors was appointed:

John King, Eagle One Federal CU (PA) became Chairman. Kevin Yaeger, Post Office Credit Union (WI) became Vice Chairman. Becca Cuddy, NAPUS Federal CU (VA) became Board Secretary. Neil Crean, Massachusetts Postal ECU (MA) remains Board Treasurer. Directors are Don DeCinque, Atlanta Postal CU (GA); Buddy Livingston, Carolina Postal CU (NC); Sidney Parfait, Post Office ECU (LA); Vladimir Stark, Plus4 CU (TX); and, Will Yarborough, US Postal Service FCU (MD).

**Five Myths About the U.S. Postal Service**  
**by John E. Potter, Postmaster General**

For 235 years, the U.S. Postal Service has delivered your mail in snow, rain and dark of night. However, tough market conditions are creating new challenges for our business. Misconceptions about the future of our enterprise abound; dispelling these myths will show that we can continue to deliver the mail.

Myth #1: The Postal Service wastes taxpayer dollars.

The Postal Service, reorganized in 1971 as an independent agency of the executive branch, operates as a commercial entity. We rely on the sale of postage, mail products and services for revenue.

A small annual appropriation from Congress reimburses the USPS for free mail for the blind and absentee-ballot mailing for overseas military personnel. Otherwise, we have not received taxpayer funds to support postal operations since 1982; in fact, though we're often described as "quasi-governmental," we're required by law to cover our costs.

Myth #2: The Postal Service is inefficient.

Ten years ago, it took 70 employees one hour to sort 35,000 letters. Today, in that same hour, two employees process that same volume of mail. Though the number of addresses in the nation has grown by nearly 18 million in the past decade, the number of employees who handle the increased delivery load has decreased by more than 200,000.

According to the U.N.-affiliated Universal Postal Union, we deliver nearly half of the world's mail. The World Economic Forum, host of the annual summit of global power players in Davos, Switzerland, consistently ranks the U.S. Postal Service among the top 4 percent of more than 120 nations' and territories' postal services.

But keeping operating costs down is the greatest testament to efficiency. Since 2002, the Postal Service has cut its costs by \$43 billion, including by \$6 billion in 2009. These savings have come through workforce and overtime reduction, the renegotiation of more than 500 supplier contracts, the consolidation of facilities, the closing of administrative offices, and cuts in travel expenses and supply budgets.

Despite such efforts, the Postal Service was added to the Government Accountability Office's "high-risk list" last July to help put it on a more sustainable financial path. The GAO assessment, with which we agree, accurately reflects the Postal Service's fiscal condition, but the announcement also noted that many of the actions we've taken to reduce costs should continue.

We've also asked Congress to eliminate the statutory requirement that we deliver mail six days a week. A switch to five-day delivery would help us save more than \$3 billion a year while still devoting appropriate resources to delivering the mail.

Myth #3: Mail is not reliable.

Independent quarterly surveys conducted by IBM confirm that the Postal Service has achieved record reliability levels. In the last quarter of 2009, on-time overnight delivery of single-piece first-class mail was at 96 percent for the fifth straight quarter, an agency best.

We're not only punctual, we're trusted and secure. According to the Federal Trade Commission, as little as two percent of identity crimes occur through the mail. Theft of a wallet or purse is responsible for five percent -- meaning your documents are safer in the mail than they are in your pocket.

Myth #4: The USPS is not environmentally friendly.

There's no way around it: Delivering mail uses fossil fuels, and mail often produces paper waste. Still, the Postal Service is greener than you think. As long as consumers and businesses use physical mail, we're committed to finding ways to process it responsibly.

Our fleet of 44,000 alternative-fuel-capable vehicles is one of the largest in the world and includes electric, three-wheeled electric, hybrid electric, ethanol, fuel-cell, biodiesel and propane technology. More than a half-billion packages and envelopes that we provide free annually are recyclable and made of environmentally friendly materials. The quality of the raw materials in our packaging, including tape and labels, makes the USPS the only shipping company to meet the stringent eco-design and manufacturing standards set by McDonough Braungart Design Chemistry in its Cradle to Cradle program.

Last year, we recycled more than 200,000 tons of paper, plastics and other waste -- the equivalent of saving 1.67 million barrels of oil, according to an online Environmental Protection Agency calculator. There are Leadership in Energy and Environmental Design (LEED)-certified post offices, a 2.5-acre green roof on a major facility in downtown Manhattan, solar photovoltaic building systems and other sustainable building designs in use across the country.

Still, saving the environment doesn't begin and end with the Postal Service. That's why we encourage our customers to "read, respond and recycle." In 8,000 post offices nationwide, signs remind P.O. box customers to open their mail, take whatever action is necessary and place the waste in our recycling bins. The EPA reports that standard mail represents less than 2.1 percent of the material in our nation's landfills. (By comparison, disposable diapers represent 2.2 percent, glass beer and soft-drink bottles 3 percent, and yard trimmings 6.9 percent.)

Myth #5: The USPS can't compete with the private sector.

The Postal Service can and does compete. Our closest competitors, UPS and FedEx, don't threaten our business; as two of our biggest customers, they help build it. Our competition pays us to deliver more than 400 million of their ground packages every year in residential areas and on Saturdays. In turn, the USPS contracts with UPS and FedEx for air transportation to take advantage of their comprehensive air networks.

Although stamp prices have increased about 33 percent over the past 10 years, this increase is in line with inflation. By comparison, private carriers raised their prices by as much as 60 percent between 1999 and 2009. The Postal Service is, and has always been, a bargain.

It's no secret that the Postal Service has been losing money since 2007. What are not well known are the financial demands of the Postal Reform Act of 2006 -- demands not faced by the private sector. Though the USPS is self-supporting, its finances are tied to the federal budget because postal employees participate in federal retirement plans. In 2006, Congress required that the USPS prefund 80 percent of future postal retiree health

benefits. This will cost more than \$5 billion a year through 2016. No other federal agency or private company carries such a heavy burden.

Without the prefunding requirement, the Postal Service would have been better able to weather the recent recession. In 2008, prefunding contributed to a loss of \$2.8 billion. Without it, we would have been \$2.8 billion in the black.

Though we operate in a difficult legislative and economic environment, we are prepared to forge ahead. On March 2, we released our plan for future financial viability and greater business flexibility -- a plan that will keep the Postal Service thriving for years to come.

### **Postscripts~**

#### **Scholarship Benefits Credit Union of Limited Means**

Wilmington Postal Federal Credit Union of Delaware was the recipient of this year's John Kinevich Memorial Scholarship. CEO Susan Winward attended the conference on behalf of Wilmington Postal and expressed her appreciation for the opportunity to be able to network with other postal credit unions and participate in the educational sessions. She returned to her credit union the evening the conference ended and gave a full report to her credit union's board!

#### **Eagle-Image Plastic Card Orders**

The next bulk plastic card order is due June 30. The estimated ship date for this order is July 21, 2010 or earlier. Interested in placing an order? Please e-mail your request to [ncpcu@ncpcu.org](mailto:ncpcu@ncpcu.org) or call NCPCU at 1-858-792-3883.

#### **Council Looks Forward to 2011 Meeting in Las Vegas**

From May 1-3, 2011 NCPCU will hold its 28th Annual Conference at Harrah's, located on the famous Las Vegas Strip. Check NCPCU's website at [www.ncpcu.org](http://www.ncpcu.org) for more details and to plan your trip to Las Vegas in 2011!

#### **Deluxe Acquires Cornerstone Customer Solutions**

Deluxe Corp., one of the Council's strategic partners, just announced its acquisition of Cornerstone Customer Solutions, a provider of turnkey, full-service direct marketing solutions to financial institutions. To learn more about these services, go to [www.deluxe.com/cornerstone](http://www.deluxe.com/cornerstone)