

Which type of IRA is Right for You?

A message from the MEMBERS Financial Services Program

There are two main types of IRAs – traditional IRAs and Roth IRAs.

Most people saving for retirement can contribute to a traditional IRA. And, if you meet certain requirements, your contributions are tax deductible. Whether your contributions are deductible or not, your earnings accumulate tax deferred, so you won't owe income taxes until you make withdrawals. Deductible contributions and earnings are taxed at your regular income tax rate as you withdraw them.

With a Roth IRA, contributions aren't tax deductible when you make them. But in favorable contrast to a traditional IRA, earnings are free from income tax upon withdrawal if you meet the specified conditions. A Roth IRA also has more flexible early withdrawal rules than a traditional IRA, and you aren't required to begin withdrawals at age 70 ½.

Determining which type of IRA account is right for you largely depend on several factors including:

- Your age at the time your contributing

- Your tax rates when contributing and during retirement
- Your plans for needing this money prior to age 59 ½
- Your plans for leaving this money to heirs
- Your likelihood of actually setting aside the money you save in taxes and investing it in another account for retirement

For more information about IRA eligibility rules and help determining which IRA is best for you, contact Luke Brown or Kathy Snyder, the MEMBERS Financial Services Representatives serving the members of United Federal Credit Union, at 269-982-4705.



Luke Brown



Kathy Snyder

Representatives are registered, securities are sold, and investment advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member NASD/SIPC, a registered broker/dealer and investment advisor, 2000 Heritage Way, Waverly, Iowa 50677, toll-free (866) 512-6109. CBSI is under contract with the financial institution, through the financial services program, to make securities available to members.

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member update

Winter 2007

Free Checks for Life!

For a limited time, you can receive free checks for life when you open any first-time United Federal Credit Union checking account. Already have a checking account with us? You can earn free checks for life when you refer a new checking account member to us. Some restrictions do apply, so please see your branch office for complete details.

Choose between any one of United Federal Credit Union Checking accounts:

Convenience Checking: Gives unlimited access to your funds without the fees! No monthly, per check or service charges. Free checks for life makes this a true "free" checking account!

Choice Checking: As little as \$1,000 earns interest on your balance. No per check or monthly fees with \$1,000 balance.

Platinum Plus Checking: Offering you money market rates with as little as \$2,500 balance. Additional benefits include: loan discounts, CD rate bump-ups, and exclusive check/debit card designs.

All accounts provide you with:

- FREE CHECKS FOR LIFE

- FREE REWARD POINTS
- FREE ONLINE BANKING
- FREE BILL PAY
- FREE DEBIT CARD

Plus, don't forget - each time you swipe and sign using your United Federal Credit Union debit card you earn points. Use your points for gift cards, hotel stays, free airfare, cruises and a whole lot more!

VISA Holiday Hundreds - It Pays To Use Your United Federal Credit Union VISA Card!

Congratulations to our VISA Holiday Hundreds winners:

\$1,000 Winner:
Bev Gray - Buchanan, MI

Weekly \$100 winners:
Randal Howard - Marion, OH
Dean & Rosie Wykoff - Niles, MI
James Rohdy - Niles, MI
Gary French - St. Joseph, MI
Paulo Mancinelli - St. Joseph, MI
Debra Borum - Fort Smith, AR
Kenneth Patzkowski - St. Joseph, MI
James Long - Stevensville, MI
Angela and William Melcher - St. Joseph, MI
Bobby Howard - Marion, OH



what's inside

> Letter from the president

> Letter from the chairman

> 2006 Financials

we'll get you there.



2006 has been a year of change. Many of those changes were planned, executed and gave us positive results. Others were unplanned. It is with sadness that we reflect on the passing of our CEO, David J. Weichhand. Dave was a friend to many of our members and all of our employees. His 27 years of employment at First Resource Federal Credit Union were progressive as he led many of the changes that occurred over the years. Dave served the last 18 years as our President and CEO. His innovative approach to leadership, his active involvement in the credit union movement and the community, and his dedication to his family have left a lasting legacy. Our thoughts and prayers continue to be with his wife Beth and their children.

On October 1 we successfully completed our merger with United Federal Credit Union. United actually merged with First Resource Federal Credit Union and then we completed a name change. We felt the name United best fit our combining and uniting of the two organizations. Our merged Credit Union is now in the top two percent in the country in asset size. Currently we are the second largest credit union on the west side of Michigan. Our combined membership of 76,000 will continue to reap the benefits of an expanded product line with many new features.

Our year-end financials are very impressive:

- Assets \$ 710,388,000
- Deposits \$ 502,479,000
- Total loans \$ 638,837,000
- Net income \$ 8,722,000
- Loan to share ratio 127.14%
- Equity to assets 14.99%

We have added 9,323 new members to our family this year. We are pleased so many of you have recommended United membership to your friends, family and fellow employees. Increases in membership allow all of us to benefit in economies of scale with many of our products. You, our owners, benefit from our ability to obtain volume discounts with many of our business partners.

Our loan products have allowed many members to fulfill their dreams during the year. Whether it was purchasing a new home, buying a car, providing for a child's education and many other reasons, we were there for you. Our mortgage department processed \$70,000,000 in loans last year. In addition, we paid out \$154,900,000 in consumer loans. Members found value in getting their Credit Union loans at our indirect dealerships in the amount of \$24,000,000. We opened 1,630 new VISA credit cards and our membership purchased \$73,700,000 in goods and services.

As the CEO of the previously merged United Federal Credit Union, I have had the privilege of meeting credit union professionals from around the country. A common question that is asked is "How is your credit union doing?" It is always interesting to hear how others answer the question. Some talk of membership growth, asset growth and loan and share growth. While these numbers can be signs of success, the statistic I like to focus on is member satisfaction. Our member survey results are very impressive again this year. Your overall total satisfaction rating of 96.2 percent is very complimentary. This is a great tribute to the service our employees deliver to you on a daily basis. Our goal in 2007 will be to continue to exceed your expectations.

With your support, we will continue to grow. Thank you for being a member.

Duane W. Nelson
Interim President/CEO

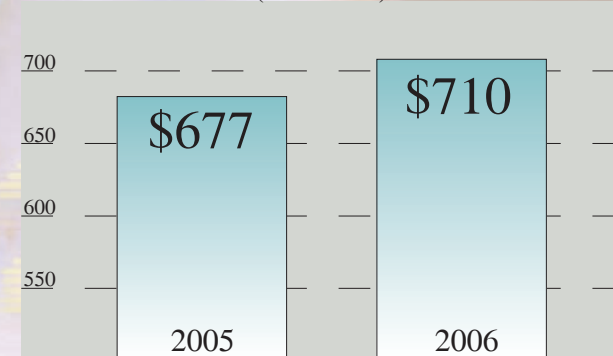
STRENGTH OF UNITED!

Your credit union serves more members in more locations than ever. You, our member/owner, help the credit union grow financially.

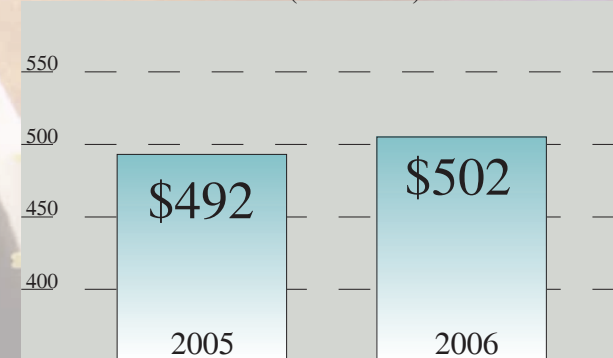
In turn we can continue to provide new and improved services, products and competitive rates.

So, "thank you" for a wonderful and exciting 2006 and we look forward to serving you in 2007!

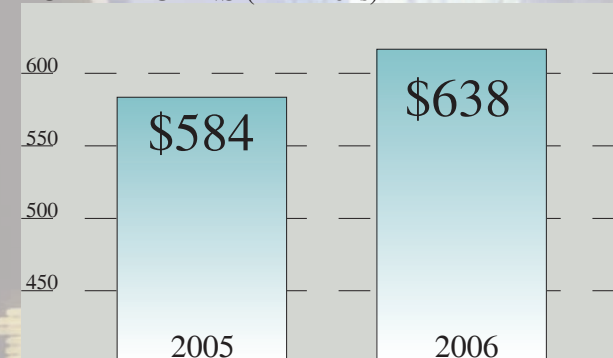
TOTAL ASSETS (in millions)



TOTAL DEPOSITS (in millions)



TOTAL LOANS (in millions)



Statement of Financial Condition	2006	2005
Assets		
Cash	\$ 15,555,030	\$ 29,889,746
① Investments	26,244,549	29,437,949
Net loans to members	634,376,300	579,554,893
② Net land, building, furniture, equipment	23,913,965	24,083,487
③ National CU Share Insurance Fund	4,589,531	4,555,097
Other Assets	5,709,114	4,860,889
Total Assets	\$710,388,489	\$672,382,061
Liabilities and Member Equity		
Member Shares	\$502,478,948	\$492,119,906
Accrued interest payable	1,717,213	1,342,248
④ Notes/accounts payable and accrued expense	99,686,650	81,136,599
⑤ Member equity	106,505,678	97,783,308
Total Liabilities and Member Equity	\$710,388,489	\$672,382,061

- 1 This money is working for you. Compare the proportion of loans and investments to total assets. A good target is 80-90 percent. Our 2006 ratio was 97 percent.
- 2 These are investments in office space, computers and other service delivery systems. Based on National Credit Union Administration (NCUA) guidelines, credit unions try to limit these to less than 5 percent of total assets. In 2006, ours was 3.4 percent.
- 3 These are deposits made by the credit union to guarantee the safety of your dollars through the National CU Share Insurance Fund.
- 4 This amount includes notes to fund our 30-year fixed-rate mortgages.

Statement of Income	2006	2005
Income		
Interest on member loans	\$41,609,321	\$35,788,433
Investment income	2,285,854	1,918,167
Other income	13,641,161	12,564,688
⑥ Total Income	\$57,536,336	\$50,271,288
Expenses		
Salaries and Benefits	\$14,391,148	\$12,712,617
General operating	12,347,795	10,865,325
Member education and promotion	1,808,064	1,425,488
Staff education and training	621,827	392,112
Provision for loan losses	3,000,644	6,023,326
Total Expenses	\$32,169,478	\$31,418,878
Distribution of net income		
Net income	\$25,366,858	\$18,852,410
Less dividends	16,644,488	13,055,721
To reserves and undivided earnings	8,722,370	5,796,689
Number of Members	72,423	69,863
Net-Worth-To-Asset Ratio	14.99%	14.54%

Your credit union board of directors has hired the independent auditing firm of Plante & Moran, LLP, to audit our financial statement as of December 31, 2006. These audited financial statements, on which an unqualified opinion is expected to be rendered, will be available during business hours upon request.

- 5 Member equity dividend by assets gives our net-worth-to-asset ratio. The higher the ratio, the stronger our financial position. Our ratio for 2006 was 14.99 percent.
- 6 This is money earned by the credit union. "Other income" primarily comes from volume like VISA interchange, insurance sales and sale of fixed assets.



The major focus in 2006 was the merger between United Federal Credit Union and First Resource Federal Credit Union. This merger gives the 76,000 credit union members the opportunity to transact their financial business in any of 16 branches nationwide. It also provides the members with 24/7 options through our electronic services.

The credit union was saddened by the unexpected death of Dave Weichhand in late October. The Board of Directors has established a search committee to fill the CEO position as soon as possible.

The credit union employees continue our tradition of community involvement. Many of the branches have been active participants and supporters of local activities and Chambers of Commerce and employees have participated in campaigns for United Way.

The credit union introduced new small business account products and provided major support for the Whirlpool/Maytag merger with onboarding packages and mortgage specials.

What is the credit union difference? It is important to truly understand how credit unions are unique and why we remain necessary and a popular financial alternative to a bank.

- Credit unions are not-for-profit financial cooperatives.
- Credit unions do pay taxes - payroll, sales and property taxes.
- Each credit union member has equal ownership and one vote. Every customer is both a member and owner.
- The Board of Directors serves voluntarily and is not compensated for their duties.
- Credit unions exist to help people, not to make a profit.

The Board of Directors and management are united in their efforts to serve the member. On their behalf, I would like to thank you for your continued confidence in United Federal Credit Union.

John W. Steinke
Chairman

BREAKING NEWS.....

United Federal Credit Union is proud to announce that one of the country's largest travel providers is putting the finishing touches on a travel web site that will offer our members PERSONAL SERVICE, plus great prices and deals! Customized vacation packages for our members will also be offered. Stay tuned for an announcement soon with details on this exciting new program! Another reason to keep checking www.unitedfcu.com for the latest news about YOUR credit union.

