



# Developing a Strategic Cost Effective Strategy to Deepen Member Relationships in Your Investment Program



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*For Broker/Dealer Use Only*

# First things First



Put on your can do hat.



# Today's Take Away



- Deepen
- Broaden
- Strategic
- Cost Effective
- Awareness
- Integration
- Credibility
- Use is Broader than Investment Program

# Goals



**25%**      *What's*      **50%**  
*Your*  
**100%**      *Goal?*      **150%**

# Why



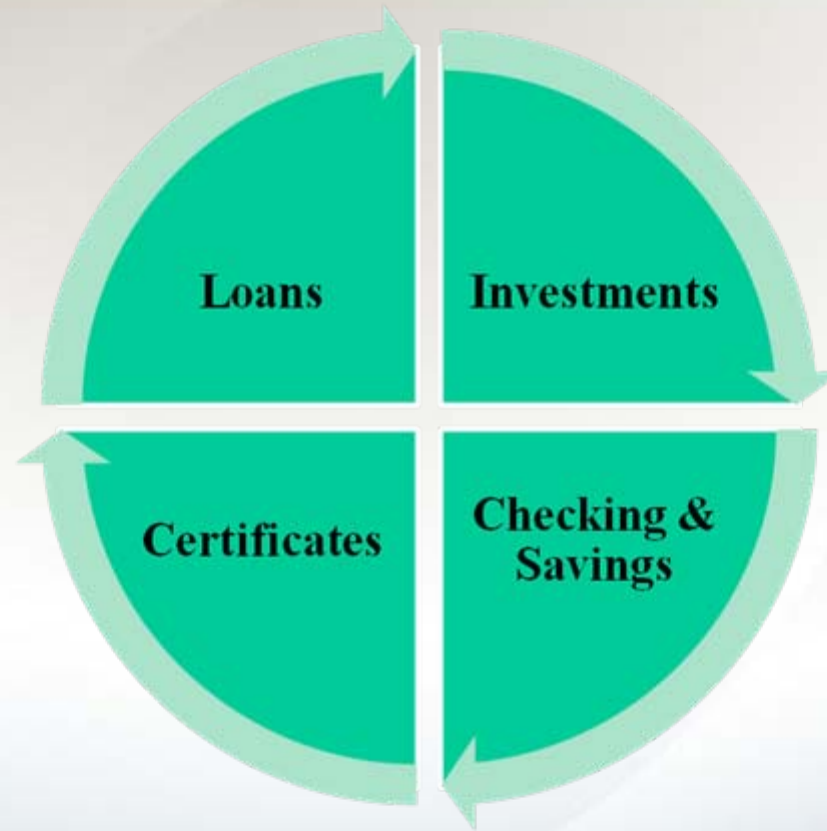
- Why even have an investment program
- Defensive
- In case I'm asked
- Needs of Members
- Synergistic
- Strategic
- Broader and Deeper Relationships

# Yesterday's Take Away



We are going to take our  
\$ where they take  
**ALL** of our \$  
seriously

# Holistic Approach



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# Wallet Share We Have



Investments

Loans

Certificates

Savings & Checking

# Wallet Share of Members



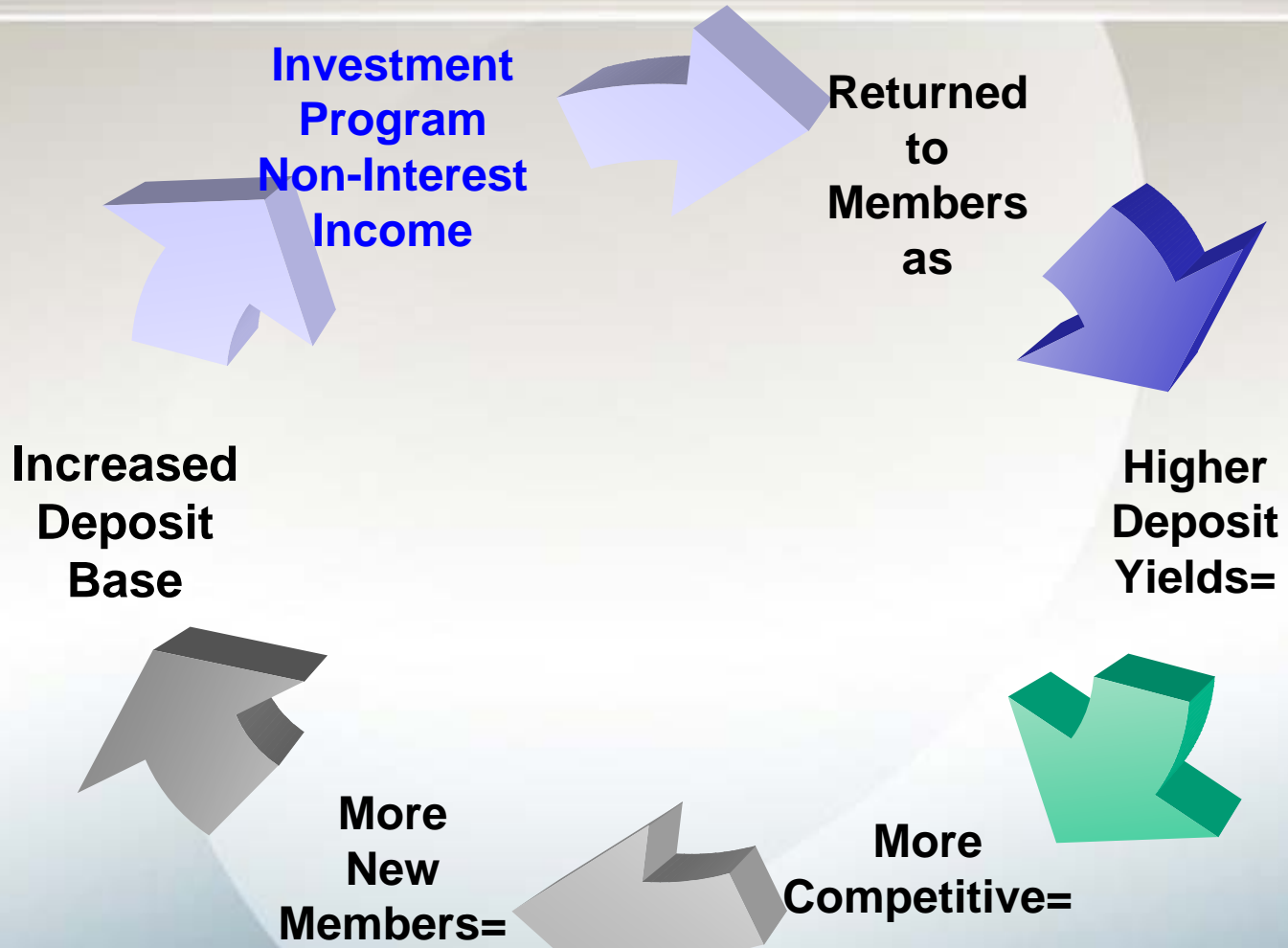
Investments

Certificates

Loans

Savings &  
Checking

# Non Interest Income



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# Stretch Your Horizons



You Cannot Exceed Anything but  
Your Expectations

# Measurements of Success

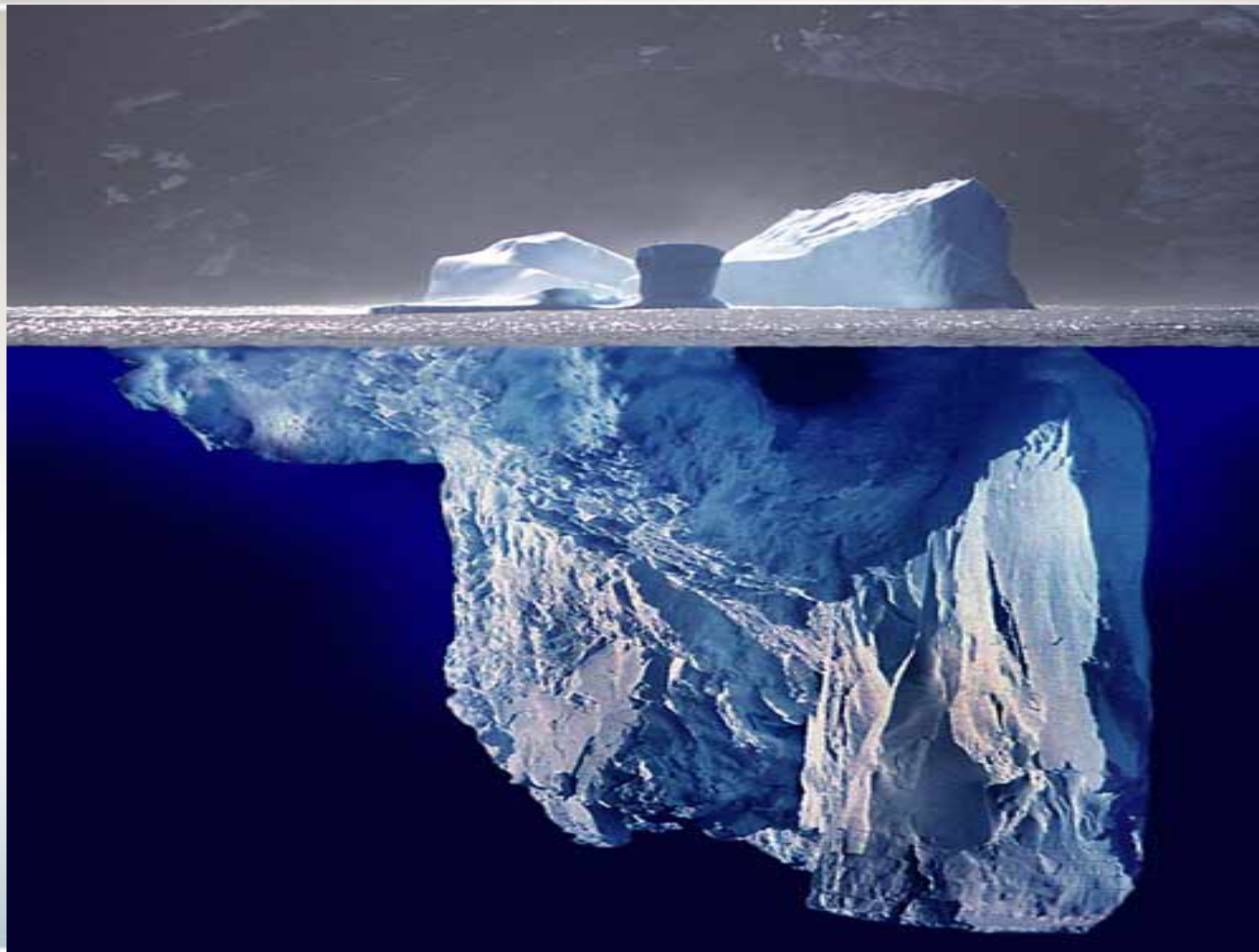


We Are What We  
Measure

# Traditional



# Dare to Wish-Dream-FOCUS



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# Dynamic Growth in Your Investment Program



## A New Reality



# What is Reality?



What is considered successful in the current world?

\$1 Billion Assets on Deposit

\$100 Million AUM Investment Program

10% penetration....30% best of class

# What is Dynamic?



- Think about yourself ???
  - What % of your personal assets are in insured deposits vs. securities and insurance products? (mutual funds, stocks, bonds, etc.)
  - Did you include your qualified retirement plans?

# What is Dynamic?



I would venture to say the average member has 5 to 10 times as much of their personal assets are in the market vs. insured deposit assets.

(money markets, share accounts, CDs, etc.)

**Average 7.5 times**

# What is Dynamic?



With your current membership.....

\$1 Billion Assets on Deposit

x 7.5 times in market assets =

\$7,500,000,000 potential investment  
program assets under management  
(AUM)

# New Reality



We acknowledge the bulk of these assets are currently locked in your member's retirement plan with their employer.

There are times during the member's career they will need the services of an investment representative to assist them with needs concerning this retirement plan:

- 1) Job changes
- 2) Retirement

# New Reality



Let's examine the needs of your members at retirement.

\$1 Billion CU Assets

÷ 100,000 Members

= \$10,000+/- average deposit/member

\$10,000 x 7.5 (estimated investments in the market)

= **\$75,000** average retirement plan balance.

# New Reality



Let's assume all members range in age from 20-80 = 60 year span

Not knowing exactly when they will retire, let's just say:

$100,000 \div 60 = 1650+$  retiring each year so....

$\$75,000$  (retirement plan balance) x 1650

# A New Reality



**\$123,750,000 / Year \$ in  
Transition**

**(With the members you currently service)**



# A New Reality



**\$4,331,250 / GDC \$ in  
Transition**

**(With the members you currently service)**

# Focus – A Look To The Past



- Who
  - Are the individuals that utilize this service?
- What
  - Do they need the service for?
- When
  - Do they have the need?
- Why
  - Do they have the need?
- How
  - Can we reach out to them?

# Develop a Game Plan



- Who
  - Are my additional members that have these needs?
- What
  - Are their reason “pains” for these services?
- When
  - Do they have the “pain”?
- Why
  - Do they have the “pain”?
- How
  - Do you reach out to them to let them know I can heal their “pain”?

# Focus



- Looking Under the Hood at top 20-25% of Members
- Questions:
  - Need
  - How Found
  - Employer
  - Source of Funds

# Starting a Focus



Age Group	% Members	Ave Invested	% Total Invested	Ave GDC	% Total GDC
(blank)	9.0%	\$ 30,777.97	5.2%	\$ 1,109.95	5.0%
1 to 10	1.2%	\$ 7,210.33	0.2%	\$ 260.88	0.2%
11 to 20	1.4%	\$ 10,876.47	0.3%	\$ 318.97	0.2%
21 to 30	4.9%	\$ 12,112.02	1.1%	\$ 393.33	1.0%
31 to 40	10.7%	\$ 23,378.83	4.7%	\$ 734.41	4.0%
41 to 50	18.1%	\$ 39,161.94	13.3%	\$ 1,322.97	12.1%
51 to 60	26.9%	\$ 63,380.85	32.0%	\$ 2,615.53	35.5%
61 to 70	18.6%	\$ 83,160.65	29.0%	\$ 3,184.77	29.9%
71 to 80	6.5%	\$ 79,992.45	9.7%	\$ 2,853.82	9.3%
81 to 90	2.6%	\$ 84,993.06	4.1%	\$ 2,110.44	2.7%
91+	0.1%	\$ 124,965.81	0.3%	\$ 1,236.50	0.1%
<b>Grand Total</b>	<b>100.0%</b>	<b>\$ 53,204.47</b>	<b>100.0%</b>	<b>\$ 1,980.14</b>	<b>100.0%</b>

**63.6%**

**74.4%**

**77.5%**

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# Focus - Need



Need	# Members	% Members	Ave Invested	Total Invested	Ave GDC	Total GDC
Rollover	324	28.9%	\$ 137,394.46	\$ 44,515,803.74	\$ 5,219.17	\$ 1,691,010.46
Retirement Income	301	26.8%	\$ 145,183.26	\$ 43,700,162.40	\$ 4,011.69	\$ 1,207,519.77
Retirement Planning	25	2.2%	\$ 112,425.49	\$ 2,810,637.28	\$ 4,393.14	\$ 109,828.47
(blank)	118	10.5%	\$ 144,520.39	\$ 17,053,406.28	\$ 1,776.48	\$ 209,624.84
Estate Planning	76	6.8%	\$ 105,045.54	\$ 7,983,461.30	\$ 2,596.02	\$ 197,297.52
Client Review	51	4.5%	\$ 119,663.59	\$ 6,102,842.97	\$ 1,487.70	\$ 75,872.61
Inheritance	46	4.1%	\$ 138,617.67	\$ 6,376,412.81	\$ 3,943.67	\$ 181,408.67
Advice	38	3.4%	\$ 93,669.47	\$ 3,559,439.95	\$ 3,348.38	\$ 127,238.26
Individual	17	1.5%	\$ 120,698.54	\$ 2,051,875.19	\$ 1,763.24	\$ 29,975.01
JTWROS	17	1.5%	\$ 123,533.70	\$ 2,100,072.91	\$ 1,310.26	\$ 22,274.48
Tax Deferral	14	1.2%	\$ 95,072.76	\$ 1,331,018.70	\$ 3,790.65	\$ 53,069.09
Investments	12	1.1%	\$ 149,649.80	\$ 1,795,797.64	\$ 1,956.71	\$ 23,480.55
Safety	12	1.1%	\$ 195,333.33	\$ 2,344,000.00	\$ 291.19	\$ 3,494.25
Growth	11	1.0%	\$ 129,985.12	\$ 1,429,836.34	\$ 4,327.77	\$ 47,605.46
CD	10	0.9%	\$ 65,492.22	\$ 654,922.20	\$ 145.71	\$ 1,457.05
Income	10	0.9%	\$ 165,247.54	\$ 1,652,475.37	\$ 4,839.50	\$ 48,394.97
Tax free income	9	0.8%	\$ 91,374.69	\$ 822,372.21	\$ 2,109.02	\$ 18,981.17
General Saving	8	0.7%	\$ 85,375.00	\$ 683,000.00	\$ 881.59	\$ 7,052.75
College	5	0.4%	\$ 66,840.00	\$ 334,200.00	\$ 1,656.00	\$ 8,280.00
Per Trust	5	0.4%	\$ 156,691.14	\$ 783,455.72	\$ 7,398.69	\$ 36,993.46
Stock Trading	3	0.3%	\$ 92,023.89	\$ 276,071.66	\$ 886.90	\$ 2,660.70
Growth and Income	2	0.2%	\$ 75,000.00	\$ 150,000.00	\$ 2,281.25	\$ 4,562.50
House	2	0.2%	\$ 495,015.78	\$ 990,031.55	\$ 148.22	\$ 296.44
Consolidation	1	0.1%	\$ 145,000.00	\$ 145,000.00	\$ 8,845.00	\$ 8,845.00
Corporate	1	0.1%	\$ 57,400.00	\$ 57,400.00	\$ 298.90	\$ 298.90
Financial Planning	1	0.1%	\$ 150,990.58	\$ 150,990.58	\$ 4,529.72	\$ 4,529.72
Health Ins	1	0.1%	\$ 100,000.00	\$ 100,000.00	\$ 329.22	\$ 329.22
Sold Business	1	0.1%	\$ 1,500,000.00	\$ 1,500,000.00	\$ 11,250.00	\$ 11,250.00
Sold Home	1	0.1%	\$ 300,000.00	\$ 300,000.00	\$ 5,250.00	\$ 5,250.00
<b>Grand Total</b>	<b>1122</b>	<b>100.0%</b>	<b>\$ 135,253.73</b>	<b>\$ 151,754,686.80</b>	<b>\$ 3,688.84</b>	<b>\$ 4,138,881.32</b>

... Membership of Members  
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# Focus



<b>Grand Total</b>	<b>1122</b>	<b>100.0%</b>	<b>\$ 135,253.73</b>	<b>\$ 151,754,686.80</b>	<b>\$ 3,688.84</b>	<b>\$ 4,138,881.32</b>
<b>Need</b>	<b># Members</b>	<b>% Members</b>	<b>Ave Invested</b>	<b>Total Invested</b>	<b>Ave GDC</b>	<b>Total GDC</b>
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Retirement Income	301	26.8%	\$ 145,183.26	\$ 43,700,162.40	\$ 4,011.69	\$ 1,207,519.77
Retirement Planning	25	2.2%	\$ 112,425.49	\$ 2,810,637.28	\$ 4,393.14	\$ 109,828.47
<b>Average Retirement</b>	<b>650</b>	<b>57.9%</b>	<b>\$ 140,040.93</b>	<b>\$ 91,026,603.42</b>	<b>\$ 4,628.24</b>	<b>\$ 3,008,358.70</b>
2006 GDC						
<b>\$ 6,936,068.09</b>	If \$4,628.24 is the average GDC for retirement needs, 750 additional members helped with this need would equal an additional \$3,471,180 in GDC and represent an approximate 50% growth for the program.					
750 members with retirement needs/ 39 representatives /12 months=			<b>1.60</b>	Additional Members with Retirement Needs/Rep/Month=50% more Invested \$		

# Focus



908,374



# Focus



750

1.60

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# Tools



- Does your investment program have and utilize the tools to reach it's potential?
  - Quality Product
  - Technology
  - Research capabilities
  - Representative Planning Tools
  - Quality Representatives
  - Management with investment industry expertise

# Coverage



- To be taken seriously you must look, act and have a serious delivery

# Average Representative Start



- Cost of Representative  
????
- What is needed to  
breakeven????
- How many investors does  
it take to make these #'s???

First Year	Total
Month 1	\$ 3,863.57
Month 2	\$ 12,884.76
Month 3	\$ 14,241.25
Month 4	\$ 15,018.88
Month 5	\$ 15,789.51
Month 6	\$ 16,244.80
Month 7	\$ 17,592.47
Month 8	\$ 18,509.81
Month 9	\$ 18,713.06
Month 10	\$ 20,191.07
Month 11	\$ 17,301.69
Month 12	\$ 17,519.03
	<b>\$ 187,869.90</b>

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# Gold Pacesetter Start



- Tells me you learn quickly if you have a real keeper.
- What to do if you have the opposite?

First Year	Total
Month 1	\$ 10,368.85
Month 2	\$ 37,669.25
Month 3	\$ 30,038.58
Month 4	\$ 38,435.23
Month 5	\$ 31,326.59
Month 6	\$ 35,518.70
Month 7	\$ 35,584.44
Month 8	\$ 37,192.20
Month 9	\$ 32,000.63
Month 10	\$ 41,817.14
Month 11	\$ 36,147.62
Month 12	\$ 42,826.02
	<b>\$ 408,925.25</b>

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# KEYSTONE COMPONENTS

**AWARENESS**



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# Keystones



- “Awareness” refers to the development of member and Credit Union staff “mind share”.
- “Integration” refers to the degree in which the investment program is embraced by all employees of the CU and its members.
- “Credibility” refers to member and staff confidence in Credit Union’s competent delivery of investment services.

# Keystones



- Increase **Staff Awareness-Integration-Credibility**
  - What are some ideas to help build awareness-integration-credibility of the CU staff of our investment program and what it offers our members?
- Increase **Member Awareness**
  - What can we do to collectively help build CU member awareness-integration-credibility of our investment program?
- Increase **Overall Awareness**
  - It is our goal to increase the overall awareness-integration-credibility of our investment program and what we offer.



# Goals



**25%**      *What's*      **50%**  
*Your*  
**100%**      *Goal?*      **150%**



# Thank you for Taking the Time

**CUSO**

Financial Services, L.P.

Member NASD/SIPC