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Membership News & Letter
Winter 2006
Volume 6, Issue 1

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The beginning of a New Year is a time to reflect on how to make this year better than the previous one. Penn State Federal wants to help with some of these issues by letting you know that we have you covered when it comes to your identity. Every member now has FREE coverage through IDSafeChoice, which is an identity theft protection program. If your identity is ever compromised, this added benefit provides you with a Professional Identity Theft Restoration Expert that will manage your recovery no matter how long it takes. Plus you can take advantage of upgrading this coverage to IDSafeChoice Plus at a low cost to you of only \$8.95/month for an individual and \$12.95/month for a family. This additional coverage includes constant credit monitoring. Visit www.pennstatefederal.com for more information and to sign up for this upgraded coverage.

Credit Scores...what do they mean? Do you know what your credit (FICO) score is? Do you know what components make up your score? Do you know how to improve your score? Do you know what doesn't affect your score? If you answered no to any of these questions, now is a good time to understand your credit score and how it affects your ability to get a loan and the rate that you will pay.

In a rising rate environment, now is the time to know what you need to do to get the best loan rate available to you. As of February 1, the credit union will be looking at rates in a different way too. We will be initiating Performance Plus, a tiered rate scale, that is based on a members FICO credit score. Penn State Federal wants to give you the most competitive rate along with the knowledge of keeping your score the best it can be.

Contact the credit union today at 814-865-7728 or 800-828-4636 to set up an appointment to sit down with a representative to explain your score and to receive a FREE copy of your credit report.

I wish you and all our members a healthy and prosperous New Year!

Connie Wheeler
CEO

That's my Credit Union! That's my Credit Union!

www.PennStateFederal.com

Things to do:

Membership Drive

Membership fees will be waived during January and February for all new members. Invite your family or co-workers to join.

Popcorn Days

Thurs., January 19 & Fri., January 20

The Mortgage Department will be serving popcorn to celebrate National Popcorn Day.

Retirement Planning Strategies

Attend this free seminar to learn about retirement planning strategies. Explore how to create a balanced portfolio for retirement by using goal assessment, risk tolerance & asset allocation. Learn the advantages of rolling over assets from your employer's retirement plan to a traditional IRA.

Wed., January 25 at 11:45 AM to 1:00 PM in Room 106 PSU HUB Robeson Center

Thurs., January 26 at 6:30PM to 7:45 PM at Penn State Federal Credit Union

Speaker Joseph A Webber, CFP & Financial Advisor with Merrill Lynch. Call (814) 231-8931 or email joseph_webber@ml.com to reserve your place today.

Home Buying Seminar

Program covers choosing the right mortgage & the application process to closing. Realtor & settlement experts will be on hand. Light refreshments along with a question & answer period follows.

Thurs., February 16 at 4:00 PM, 1937 N Atherton Street

Thurs., March 23 at 4:00 PM, 1937 N Atherton Street
Call the Mortgage department at (814) 865-2768 or email mortgages@pennstatefederal.com to reserve your spot.

Central PA Builder's Home Show

April 7-9 at the Bryce Jordan Center, State College, PA

Stop by and check out our members-only interest rates! We'll answer your finance questions so you can get a jump start on ideas for remodeling your home.

Closed

Martin Luther King Jr Day Mon., January 16

Presidents' Day Mon., February 20

Penn State Federal is closed for Federal Reserve holidays. Your accounts are always available by phone & online.

About us

info@pennstatefederal.com

(814) 865-7728; (800) 828-4636

Missing credit card? (800) 325-3678

Missing debit card? (866) 840-2662



Options:

Skip-A-Pay

Free up some cash by taking a break from your next loan payment. This coupon gives you a **Fee-Free opportunity** to skip one or more of your loan payments. *Just fill this out now & fax it in to (814) 865-9041.*

Member number or name			
Loan Purpose or Loan ID#		Loan Purpose or Loan ID#	
Circle skip month(s) Jan. 06 Feb. 06 Mar. 06 Apr. 06		Circle skip month(s) Jan. 06 Feb. 06 Mar. 06 Apr. 06	
Sign & date		Sign & date	

Skip-A-Pay terms and conditions Members can choose to skip a payment on one or more loans. The payment will be deferred & extended to the end of the original term of the loan(s). There is no fee for this service. Interest will continue to accrue on the unpaid balance(s) during this period. The next regular payment is due on the normal due date. By skipping a payment, the term of the loan may be extended. All other terms & provisions of the original loan agreement are unchanged. Regular payments made through Direct Deposit or Payroll Deduction will be deposited into your Share Savings (01) Account for the skipped month only. Loans for which any payment has been 30 days late in the last 12 months are not eligible. Loans for which extension agreements have been granted will be limited to one month and are subject to credit review. To defer a payment, this signed agreement must be received no later than 15 days prior to that payment's due date & must be signed by all borrowers on the loan(s) deferred. We reserve the right to limit the number of skipped payments granted per year. Real estate secured loans, VISA and Ace\$\$ credit lines are not eligible. More than one month's payment may be skipped per loan, but not in consecutive months. I understand and agree to the terms and conditions of Skip-A-Pay.

PA Clean Energy Expo

Tired of high energy bills?

Wonder what you can do about them?

Mark your calender now to attend the **PA Clean Energy Expo on March 31 & April 1**. The Expo is coming back to the Bryce Jordan Center in State College. It's free, it's educational, and it has something for the entire family. Be sure to stop by our booth on the concourse level.



Do your taxes the easy way this year!
Go to our website, www.pennstatefederal.com and click on the Turbo Tax link.



Membership referrals needed!

We want you to help us reach new heights in membership. After all, we want it to be your family's credit union too! Please return this coupon with your referral - or better yet, bring your family member or even a co-worker in with you! They will thank you for it!

I can help!

Here's my referral!
Send them a new membership packet and I'll let them know it's on the way!

Name to send membership packet to:

Their email, campus mail or home address:

My name:

Lending Rates effective through Jan. 31, 2006

Vehicle & Motorcycle	Term	APR
new ^{1,2}	12-24 mos	4.99%
	25-60 mos	5.49%
	61-72 mos	5.99% ¹¹
	73-84 mos	5.99% ¹²
2000 & newer ^{1,2,3}	12-24 mos	4.99%
	25-60 mos	5.49%
	61-72 mos	5.99% ¹¹
	73-84 mos	5.99% ¹²
1999 & older ^{1,2,3}	12-24 mos	6.75%
	25-48 mos	9.25%
	49-60 mos	9.75%

Recreational	Term	APR
new ^{1,2}	12-36 mos	8.75%
	37-60 mos	9.25%
	61-120 mos	9.75%
used ^{1,2,3}	12-36 mos	9.75%
	37-60 mos	10.25%
	61-120 mos	10.75%

Home	Term	APR
Home Equity ^{1,4,9}	12-60 mos	5.50%
	61-84 mos	6.50%
	85-120 mos	6.75%
	121-180 mos	8.00%
HE First Lien ^{1,4,9}	61-120 mos	6.25%
	121-180 mos	7.25%

HE Credit Line^{4,5,9} based on 180 8.25%

HE Credit Line^{5,9} based on 180 8.25% New Platinum Card

Mortgages 814-863-0549; mortgages@pennstatefederal.com

Share Secured	Term	APR
Regular Shares ¹	12-60 mos	5.25%
CD (no minimum)	cd term @	2.25% + CD APR

Personal	Term	APR
Installment^{1,2}	1-12 mos	5.50% GREAT RATE!
	13-24 mos	8.75%
	25-36 mos	11.00%
	37-48 mos	12.00%
	49-60 mos	13.00%
Consolidation ^{1,2}	1-12 mos	7.75%
	13-24 mos	9.75%
	25-36 mos	13.00%
	37-48 mos	14.00%

Acce\$\$ Credit Line ⁵ based on 60	Platinum	10.00%
VISA Credit Card	Classic	7.90%
	Classic	12.90%

Winter Loan Special! Need help paying those heating bills? Check out our 12 month unsecured loan at 5.50% APR^{1,2}. Effective until March 31, 2006.



Education Loans

Penn State Federal's Student Loan Code is 823021. Stafford 4.7% APR, PLUS 6.1% APR, Consolidation rates up to 8.25% APR. Education Loan Rates are determined by the US Dept. of Ed. For students attending PA schools, the origination fee is absorbed under the KEYSTONE BEST PROGRAM. PHEAA absorbs 1% & Penn State Federal funds the remaining 2%. Other Stafford loans require a 3.0% origination fee.

Rates are subject to change without notice. Current rate schedules are available at www.PennStateFederal.com or any Penn State Federal location. **1)** 25 BPS discount (subtract 0.25%) for having or opening a Penn State Federal checking account with direct deposit to that account. A 25 BPS discount (subtract 0.25%) applies when automatic payments are made from a Penn State Federal account (BPS = basis points are one one-hundredth of a percent). Discount affects accruing loan interest, payments are based on advertised rate. **2)** Loans used to refinance a current Penn State Federal loan add 50 BPS (add 0.50%) unless an additional \$1,000 is borrowed. **3)** Loan term dependent on age & NADA value. **4)** Loan-to-appraised value ratios over 80% will be 150 BPS higher (add 1.50%). **5)** Interest rate is variable. **9)** \$3,000 additional money or \$300 fee to refinance a current Penn State Federal Home Equity Loan. **11)** Requires minimum loan amount of \$25,000. **12)** Requires minimum loan amount of \$35,000.

Visit us

1937 N. Atherton St., State College, PA 16803
 Monday - Friday 9 to 4 & Thursday until 6
 PSU 102 HUB-Robeson Ctr., University Park, PA 16802
 Monday - Friday 9 to 4

Savings Rates effective October 20, 2005

Earn Extra Dividends on New or Renewing CD RATES¹⁰. Add a quarter of a percent (add 0.25% APY) to the current CD rates when you have direct deposit to a Penn State Federal checking account.

Regular Share Rates	APY
Basic, ^{6,8} Special, ⁸ Kids, ^{6,8} Teen ^{6,8} & Club ^{7,8}	1.00%
SmartStart ^{6,7,8}	10 to 19 mos 1.50%
	20 to 29 mos 1.75%
	30+ mos 2.00%
Premier Checking ^{6,8}	0.75%
Money Market Checking ^{6,8}	1.50%

Certificate Rates ^{6,7,10}	CD APY	CD APR	IRA APY
6 mos	3.00%	2.97%	3.15%
9 mos	3.25%	3.21%	3.40%
12 mos	3.80%	3.75%	3.95%
15 mos	3.80%	3.75%	3.95%
18 mos	3.90%	3.84%	4.05%
24 mos	4.00%	3.94%	4.15%
30 mos	4.10%	4.04%	4.25%
36 mos	4.25%	4.18%	4.40%
48 mos	4.50%	4.43%	4.65%
60 mos	4.75%	4.67%	4.75%
Accumulative	n/a	n/a	1.75% ⁸

Roth, Trad, Coverdell ESA & Accumulative IRAs available.

6) Minimum balance requirements apply. **7)** Early withdrawal penalties & fees apply. APY- quarterly compounding interest APR- monthly interest paid to share. **8)** Interest rate is variable, rates are set by the Board of Directors. **10)** A 25 BPS increase on current CD rates (add 0.25% APY) for having or opening a Penn State Federal checking account with direct deposit. New and renewing CDs are eligible.

See Rate & Fee Schedule for account details. Savings are federally insured to \$100,000 by the National Credit Union Administration, a U.S. Government Agency. IRA investments are insured up to an additional \$100,000. Penn State Federal is an Equal Housing Lender - We do business in accordance with federal fair housing law & the Equal Credit Opportunity Act.

Mortgage Department receives "Best of the Best" award

PHH Mortgage Services recently presented Gail Jones and Darla Owlett with the 2005 "Best of the Best" award for outstanding mortgage service. Penn State Federal was one of only eleven financial institutions nation-wide that received this honor. Members will benefit by having same day underwriting, priority at the call center and lower fees. Contact the mortgage department at 814-865-7728 or mortgages@pennstatefederal.com to set up an appointment to discuss your current or future mortgage needs.

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2006 Board of Directors

Nine members serve on the Penn State Federal Board of Directors. Directors are elected for three-year terms and three positions are up for election each year. New directors will be presented at the Annual Meeting in April.

The Secretary of the Board of Directors presents the 2006 Slate of Nominees.

JANE AGNELLY (INCUMBENT) is a resident of Bellefonte, PA. Agnelly received her MBA from the University of Pittsburgh in 1982. Agnelly has served as financial officer at several campuses since 1991, including PS Berks, PS Allentown & currently at PS University Park. Currently she serves as Financial Officer to the College of Communications, the Enrollment Management & Administration and the University Office of International Programs. Her experience with Penn State Federal began in 1997 when she served as a Supervisory Committee Member including serving as interim Chair for part of 1999. She continued as member of the Supervisory Committee until she was elected Secretary to the Board of Directors in April 2005. During this time, she also served on the Y2K Committee. Agnelly has served two terms as Director. Her previous community involvement includes the Boy Scouts of America, South Central PA Alzheimer Association, American Cancer Society & the Pilot Club of Pottsville.

GEORGE MCMURTRY (INCUMBENT) has served on the Credit Union Board since 2000. He is Treasurer of the Board, chairs both the Assets & Liabilities Committee and the Personnel Committee, and is a member of the Safety and Security Committee. He completed over 31 years of service with Penn State in March 1998, retiring as Associate Dean of the College of Engineering and Professor of Electrical Engineering Emeritus. As Associate Dean, he was responsible for budget management, human resource administration, college-wide computing, strategic planning and allocation of space & facilities. He returned to PSU in 1998-99 as Special Assistant to the Provost to provide administrative support for the establishment of the new School of Information Sciences & Technology (IST). McMurtry has degrees from the U.S. Naval Academy (BS), Notre Dame (MS), and Purdue (PhD). His active participation in many community organizations includes the United Way, 18 years on the State College Area School Board and 12 years on the Advisory Board of the Centre County Business Incubator. George is a resident of State College.

PHILLIP R MELNICK is a 22-year employee of Penn State, all with the Office of Physical Plant. He has served in various positions throughout his career and is currently the Director of Buildings and Grounds for the Office of Physical Plant. He is responsible for over 600 employees and budgets over \$30 million. Building and Grounds Division is responsible for building maintenance, cleaning, landscaping, minor renovations, and equipment maintenance for the University Park campus. Throughout his career, Phillip has gained extensive experience in strategic planning, budgeting, human resources, and process improvement. He has served in many volunteer and community posts through the years, including holding executive positions, on the boards of the Central Pennsylvania Festival of the Arts, Counseling Services, and Rotary Club of Downtown State College. In addition, Melnick has been very active in the United Way, serving as a Loaned Executive, Chair of the Finance and Business campaign at Penn State and most recently on an allocation team. He has been very active in youth sports, serving as a coach for various youth baseball, basketball, and soccer teams. Melnick is a 1996 graduate of Leadership Centre County and received a B.S. degree in Accounting from Penn State in 1983. Phillip lives in State College with his wife and two children.

JEAN HUGHES SONGER (INCUMBENT) has been employed at Penn State for sixteen years and currently serves as the Director of Financial & Administrative Services in the Office of University Development. Prior to her employment with OUD, Songer worked in the Corporate Controller's office, serving at various times as the financial officer in Information Technology Services, the Smeal College of Business, Development & Alumni Relations and Student Affairs. Songer has also taught introductory level Accounting courses for Continuing Education. Songer holds a B.S. in Accounting from Penn State & has been a member of Penn State Federal since 1989. Songer was previously on the Board of Directors of Leadership Centre County and has been involved with the United Way as a Loaned Executive and a participant in the annual Day of Caring.

2006 Election Schedule

February 10 - Nominations by petition due

March 1 - Nominees posted

April 26, 2006 - 46th Annual Meeting of the Membership

All Members Welcome - 7:00 PM - Elks Club, Boalsburg, PA

***Petitions:** Any member 18 or older may obtain a position on the ballot by circulating a petition & obtaining 200 Penn State Federal members signatures. The petition must be accompanied by a short biography of qualifications & a signed statement of willingness to serve. Members must sign & print their name on the petition to enable membership verification. Original signatures must be received by the Penn State Federal Secretary by February 10, 2006. For more petition or election information contact the Nominating Committee by email: nominatingcommittee@pennstatefederal.com or by mail at: Penn State Federal Nominating Committee, PO BOX 530, State College, PA 16804. In the event there are more candidates than available positions, ballots will be mailed to primary account owners 18 & older. Penn State Federal by-laws do not allow nominations at the Annual Meeting.*