



# 2019 ANNUAL REPORT

Federally Insured by NCUA

# THE TEACHERS MANTRA: LEARNING NEVER STOPS



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# TEACHERS MANAGEMENT



## SENIOR MANAGEMENT

Brad C. Calhoun  
President/ CEO

Inna Sprague  
Chief Experience Officer

Denise McGlone  
Chief Financial Officer

Suresh Renganathan  
Chief Technology Officer

Francis Collins  
Sr. Vice President, Credit

Mark G. Eberharth  
Sr. Vice President,  
Operations

Matthew Reidy  
Sr. Vice President,  
Business Intelligence and  
Planning

## SUPERVISORY COMMITTEE

James F. Nohe  
Chairman

Mark O. Israel  
Secretary

Alan R. Fertmann

Eric J. Iberger

April S. Neitlich

## BOARD OF DIRECTORS

Timothy M. Southerton  
Chairman

George L. Dornhoefer  
Vice Chairman

Juan C. Nuñez  
Treasurer

April S. Neitlich  
Secretary

Raymond P. Grossman

Ronald A. Mincio

Robert J. Ney

Mario P. Shortino

Shalei V.K. Simms

F. Jane Harris  
Director Emerita

Franklin D. Spencer  
Director Emeritus

# REPORT FROM THE PRESIDENT & CHAIRMAN



## A NOTE FROM THE PRESIDENT



Brad C. Calhoun

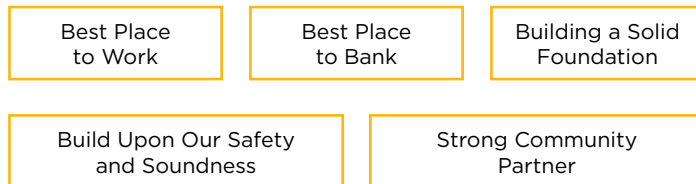
2019 was a year of growth and transformation for Teachers Federal Credit Union, and we are proud to share some key achievements and how we are preparing for 2020 and beyond. In my first year at Teachers as President and CEO, I am grateful to work alongside teammates that bring their very best selves to work every day, with the ultimate goal

to provide an exceptional banking experience for our members. It is an honor to have joined the team this year and to be a part of the future of this great organization.

Our team has grown to over 800 of the best-trained and most financially literate people in the business, dedicated to serving our members at every stage of their life – helping them go farther, reach their financial goals and achieve their dreams. We want to help you make smarter financial decisions that lead you to achieving your dreams now, and in the future. A few significant accomplishments include:

- In 2019, we welcomed 38,000 new members to Teachers Federal Credit Union, and I'm proud to share that membership now stands at more than 340,000.
- We assisted over 3,494 members with their home lending needs, including over 100 families realize their dream of homeownership through our First Time Homebuyer Program.
- We helped 26,913 members into a new car this year to keep them moving forward.

As one of the largest credit unions in the U.S., we are constantly focusing on how to improve for our members. When we look towards the future, we are propelled forward by our five guiding principles:



These guiding principles help guide our decision-making, ensuring that every move we make positively impacts the lives of our members and teammates.

We have been working throughout 2019 to make progress on a number of strategic initiatives to advance our credit union. We are excited to share a few of the improvements you will see in 2020:

#### **Development of the “Branch of the Future”**

In mid-2020, we will debut our “Branch of the Future” concept at our new location in Stony Brook, NY. Here, you will see our reimagined branch experience. Our new branch is designed with your needs in mind and brings our expertise together for all aspects of your financial life.

#### **Investing in our Digital Experience**

As part of our commitment to “perform while we transform,” our cross-functional team is implementing a new state-of-the-art online account opening platform, which will enable us to improve the digital banking experience and remove friction for members.

#### **Building on our Brand**

We will be rolling out a new look and feel that embodies who we are as an organization, with a strong emphasis on where we are going. As a credit union started by Teachers, our mission is to educate and teach our members how to make smart financial choices to improve their financial life and achieve their goals. In 2020, you’ll see how our new look will come to life, while remaining true to our name as Teachers.

#### **Community Partnerships**

Teachers has long supported great local causes such as Island Harvest, Habitat for Humanity Suffolk County, Good Samaritan Hospital and ALS Ride for Life. We continue to expand our community footprint to include our partnership with St. John’s University Athletics as their official credit union. We have also partnered with Junior Achievement to provide financial education in our schools that empowers our youth with the knowledge and skills they need to own their economic success and make smart financial choices.

As we are currently living in unprecedented times, we at Teachers want you to know that we are always here for our members to provide financial support and guidance. Together, we will rise and overcome these new global challenges. I thank you for your continued loyalty and membership, and look forward to what we will accomplish in 2020 together!

**Brad C. Calhoun**  
President/CEO



## A NOTE FROM THE CHAIRMAN



**Timothy M. Southerton**

Teachers Federal Credit Union is unsurpassed in its commitment to its members, employees and communities. Our dedication to providing exceptional member service, along with great rates on loans and deposits, is a critical part of who we are as a credit union and is what defines us as an organization.

In 2019, we welcomed our new President & CEO, Brad Calhoun, who has placed a strong emphasis on enhancing the member experience and ensuring that we do everything in our power to create Fans For Life among our members. We share his commitment to building on our strong foundation by investing in our people, our systems and our communities in the coming year.

We believe in the value of making a direct investment in our local community groups. In 2019, we partnered with various local charities, nonprofits and organizations that touch the lives of our fellow Long Islanders each day. As is a proud tradition, Teachers has increased our awards for 2020 to include \$50,000 in total scholarships to local high school seniors.

During these challenging times, it is important to know that you can depend on your credit union as your financial haven. We have always believed that preparation is the key to security, and that belief is reflected in our 2019 financial reports. I am proud to share that Teachers ended the year with over \$7.5 billion in assets and strong capital with a net worth ratio of 9.41%.

On behalf of our board of directors, I want to extend a very sincere expression of appreciation to all our employees who have worked so hard, sometimes anxiously, but always bravely, in these uncertain times to maintain the level of confidence that our members have in our credit union.

**Timothy M. Southerton**

Chairman, Teachers Federal Credit Union



# TREASURER'S REPORT



Teachers Federal Credit Union began a new chapter in 2019 under the direction of our newly hired President & CEO, Brad Calhoun. With a new forward vision, Teachers achieved an exceptional year of growth and strong financial performance to the benefit of its members:

- Total assets increased by 3.6%, reaching \$7.5 billion at the end of 2019.
- Member deposits increased by \$199 million, totaling \$6.79 billion by the end of the year.
- Net loans grew \$444 million, helping members buy homes and automobiles.
- We welcomed over 38K new members, bringing our total membership to 340,000 members.
- Members' equity increased by 8.2%, and our net worth ratio, which measures the financial strength and stability of our credit union, stood at a respectable 9.41%.

As a member-owned financial cooperative, Teachers' financial strength allows its members the ability to achieve their own personal financial objectives.

I am confident that Teachers' mission and commitment to deliver superior financial value through high returns on deposits, low rates on loans and friendly, efficient and personalized service will continue under our new management leadership.

I thank you for your trust and your membership in Teachers Federal Credit Union.

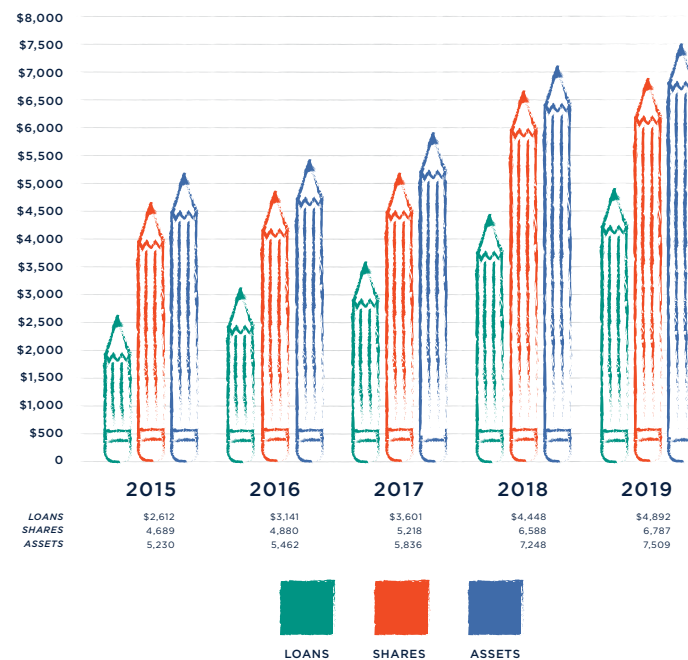
**Juan C. Nuñez**  
Treasurer

# TOTAL LOANS, SHARES & ASSETS



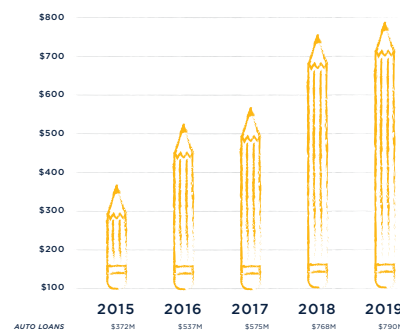
## TOTAL LOANS, SHARES & ASSETS

AS OF DECEMBER 31  
IN MILLIONS OF DOLLARS



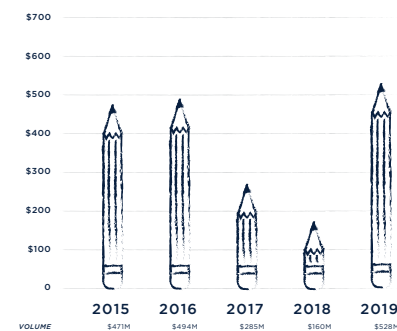
## AUTO LOANS

IN MILLIONS OF DOLLARS



## MORTGAGE VOLUME

IN MILLIONS OF DOLLARS





**INTELLIGENT  
SOLUTIONS,  
GREAT VALUE**



# STATEMENT OF FINANCIAL CONDITION



## DECEMBER 31, 2019 AND 2018 (DOLLARS IN THOUSANDS)

Assets	2019	2018
Cash & cash equivalents	\$401,799	\$297,941
Securities held-to-maturity	1,509,940	1,815,592
Securities available for sale	409,700	438,842
Loans to members, net	4,881,709	4,434,766
Loans held for sale	19,960	0
Accrued interest receivable	18,033	17,243
Deposit in National Credit Union Share Insurance Fund	62,106	64,588
Property & equipment, net	79,273	81,111
Prepaid expenses & other assets	126,055	97,449
<b>Total Assets</b>	<b>\$7,508,575</b>	<b>\$7,247,532</b>

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*As a member-owned financial cooperative, Teachers' financial strength allows its members the **ability to achieve** their own personal financial objectives.*

”

— Juan C. Nuñez, Treasurer



**Liabilities, Members' Shares & Equity**

	2019	2018
Liabilities:		
Accounts payable & accrued expenses	\$46,630	\$35,415
Dividends payable	44	19
Members' Shares:		
Members' accounts:		
Regular share accounts	1,006,152	1,021,673
Share draft accounts	623,117	597,513
Money market accounts	2,087,501	2,056,484
Individual retirement accounts	568,301	570,220
Share certificates	2,501,490	2,342,069
Total Members' Shares	<b>\$6,786,561</b>	<b>\$6,587,959</b>
Total Liabilities & Members' Shares	6,833,235	6,623,393
Retained earnings	675,340	624,139
<b>Total Liabilities &amp; Equity</b>	<b>\$7,508,575</b>	<b>\$7,247,532</b>



# STATEMENT OF INCOME



## YEARS ENDED DECEMBER 31, 2019 AND 2018 (DOLLARS IN THOUSANDS)

Interest Income:	2019	2018
Interest on loans to members	\$185,597	\$142,471
Interest on securities & cash equivalents	52,880	42,379
<i>Total Interest Income</i>	<i>\$238,477</i>	<i>\$184,850</i>

Interest Expense:		
Dividends on members' accounts	\$91,388	\$58,051
<i>Net interest income</i>	<i>\$147,088</i>	<i>\$126,799</i>
Provision for loan losses	4,275	1,500
<i>Net interest income after provision for loan losses</i>	<i>\$142,813</i>	<i>\$125,299</i>

Non-Interest Income:		
Non-Interest income	\$44,347	\$40,288
<b>Total Income</b>	<b>\$187,160</b>	<b>\$165,587</b>

Non-Interest Expense:		
Compensation & benefits	\$66,024	\$58,646
Office occupancy	12,422	10,338
Office operations	16,515	12,297
Professional & outside services	2,597	2,166
Credit/Debit card & share draft program expenses	7,105	6,664
Other	30,488	30,828
<b>Total Non-Interest Expense</b>	<b>\$135,150</b>	<b>\$120,939</b>

<b>Net Income</b>	<b>\$52,010</b>	<b>\$44,648</b>
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**WE'VE DONE  
OUR HOMEWORK  
SO YOU DON'T  
HAVE TO**





# SUPERVISORY REPORT



## A NOTE FROM JAMES F. NOHE

The Supervisory Committee is responsible for making sure the credit union's financial records are in order and internal controls are in place. The Committee also makes sure that the credit union manages and mitigates risks.

In addition, the responsibilities of the Supervisory Committee include:

- Ensure that the credit union is in full compliance with National Credit Union Administration (NCUA) on all relevant laws and regulations.
- Ensure that a complete and thorough audit of the credit union's records and operations, including verification of member loans and share accounts is conducted at least once a year.
- Ensure that all necessary written audits and work papers are submitted to regulatory agencies in a timely fashion.
- Ensure that adequate internal controls are established and effectively maintained to safeguard the credit union's assets.
- Oversee the inspection of securities, cash and accounts of the credit union.
- Oversee the review of the credit union's operations and monitor overall financial condition on an ongoing basis.

- Review all new policies and changes in credit union procedures in terms of their effects on the quality of service to members and safety of members' funds.
- Present a full report of the findings of the annual audits and special findings to the board of directors.
- Prepare and make available a report to be presented to members at the annual meeting
- Engage, direct and oversee the services of auditors as needed.

I am pleased to report that Teachers has continued its high standard of compliance. The balance sheets and related statements of income are presented accurately. Members can rest assure the credit union's financial performance and operations are regularly evaluated for continued safety and soundness. We, the committee, wish to express our appreciation to the board of directors, new management, and staff for their continued cooperation and support. We look forward to the pleasure of serving you in 2020.

## MEMBERSHIP GROWTH



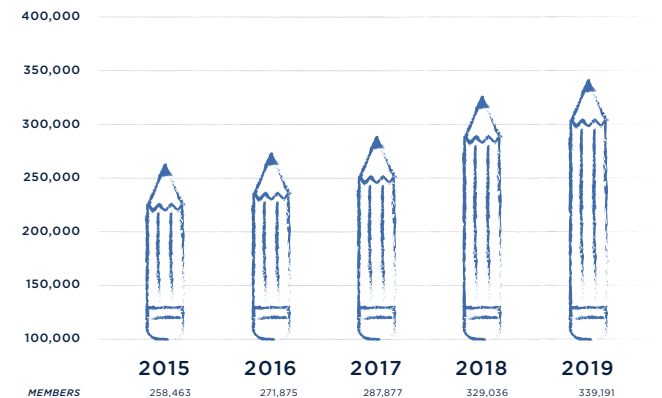
*In 1952, Mr. Lester Gosier collected \$5 from seven teachers to start Teachers.*



Year	Total Members	Total Assets	Total Branches
1952	7	\$35	1
<i>Risks: Viability as a credit union, misuse of assets, ability to attract depositors and borrowers.</i>			
1972	16K	\$14 million	1
1982	52k	\$81 million	6
1992	74K	\$359 million	7
2002	129K	\$1.4 billion	12
2012	227K	\$4.7 billion	23
2020	350K	\$7.5 billion	31
<i>Risks: Significant change in Teachers Senior Management, Anti-Money Laundering Legislation, Sanctions Compliance, Information Technology and threats including identity theft and fraud.</i>			

## MEMBERSHIP GROWTH

TOTAL NUMBER OF MEMBERS





**SMART FOR  
CAR LOANS,  
HOME LOANS  
AND DREAM  
LOANS**





# COMMUNITY INITIATIVES

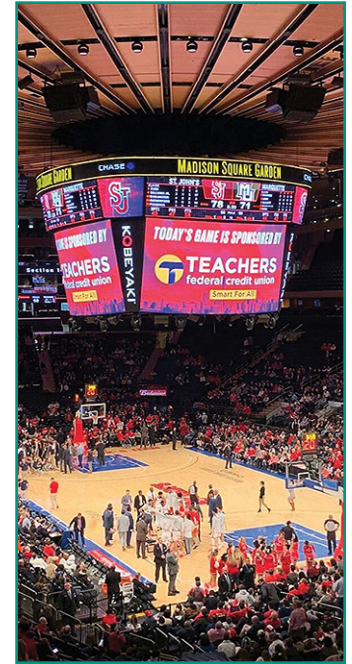


## COMMUNITY INVOLVEMENT

### St. John's University

In 2019, Teachers Federal Credit Union announced its partnership with Queens, NY-based, St. John's University as the "Official Credit Union of St. John's Athletics."

Through this partnership, we installed ATMs on campus, including inside Carnesecca Arena. We also support St. John's faculty and staff as the presenting partner at Red Storm games and at the University's annual Employee Appreciation Week.



*As one of the largest credit unions in the nation serving St. John's University, along with members throughout Queens, Manhattan and Long Island, this partnership brings members and fans together. Collectively, we share a passion for collaboration, life-long learning, innovation and serving and supporting our communities.*



— Brad Calhoun, President/CEO





### Junior Achievement

In an effort to expand our financial literacy efforts, Teachers partnered with Junior Achievement of New York (JA New York), a non-profit organization that empowers young people (K-12) to own their economic success, plan their futures and make smart academic choices.



### Habitat for Humanity

President & CEO, Brad Calhoun, (pictured with Tracey Edwards, Executive Director & CEO of Habitat for Humanity of Suffolk), along with CEOs and top executives from several Long Island companies, came together in 2019 to help build the 200th Habitat for Humanity® home in Suffolk County. This Blitz Build home was built from start to finish in just three weeks.



“

*We want to help you make smarter financial decisions that lead you to achieving your dreams now, and in the future.*

”

Brad C. Calhoun, President/CEO





**Smart  
For All.**