



Installment Savings

ADVISORY COMMITTEE ON ECONOMIC INCLUSION MEETING

MAY 16, 2013

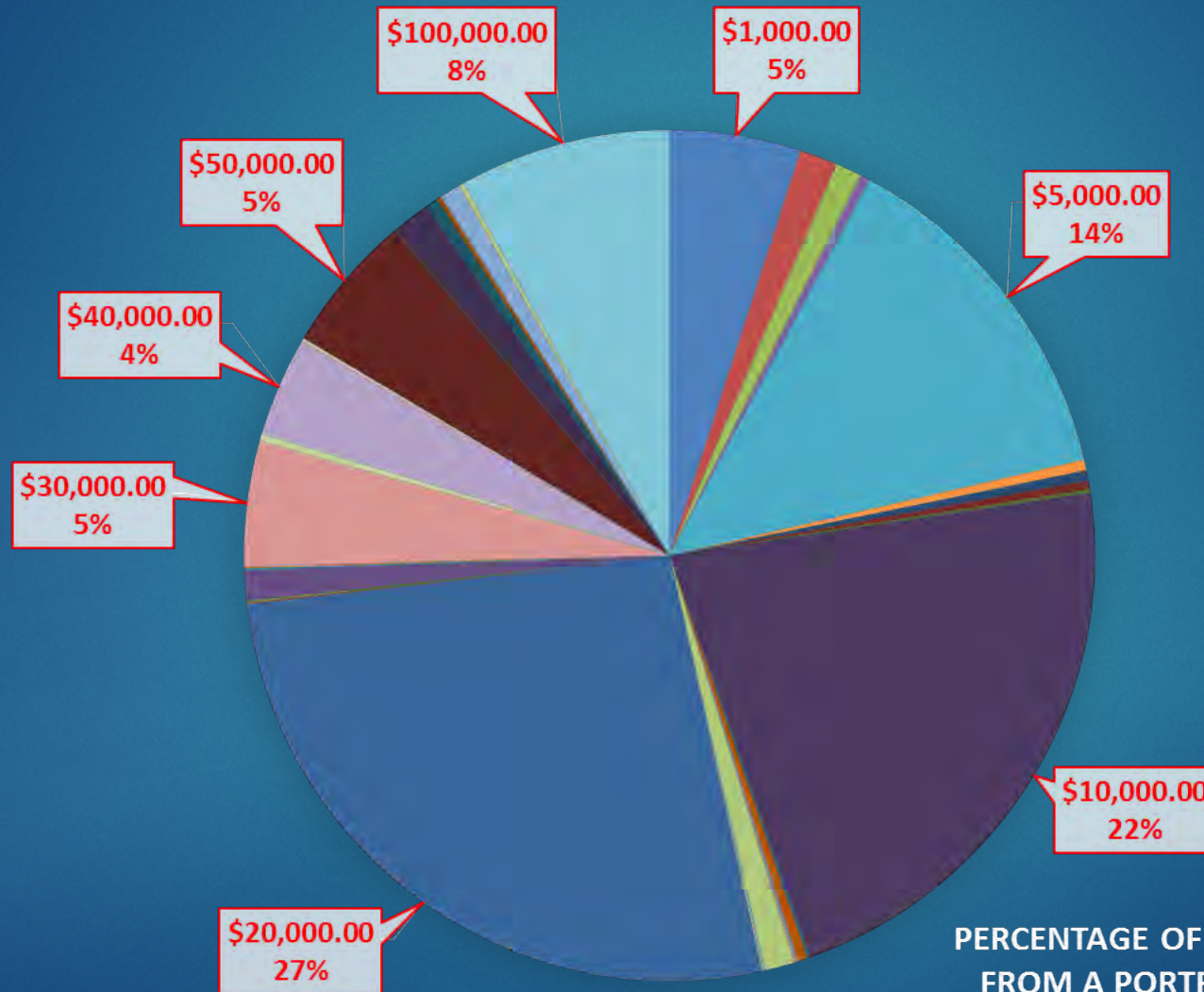
Objectives

Allow individuals to set aside a fixed amount each month and to accumulate into a meaningful sum that can be used for college tuition, vacation, wedding, business, home purchase, or retirement

Features

- Earn a higher fixed interest rate and Annual Percentage Yield (APY) based on a combination of contract amount and maturity term best suited to individual needs
- Collect a lump-sum contract amount on the maturity date after making a series of fixed monthly payments on time
- Transfer the monthly payments automatically from a checking account to earn extra interest

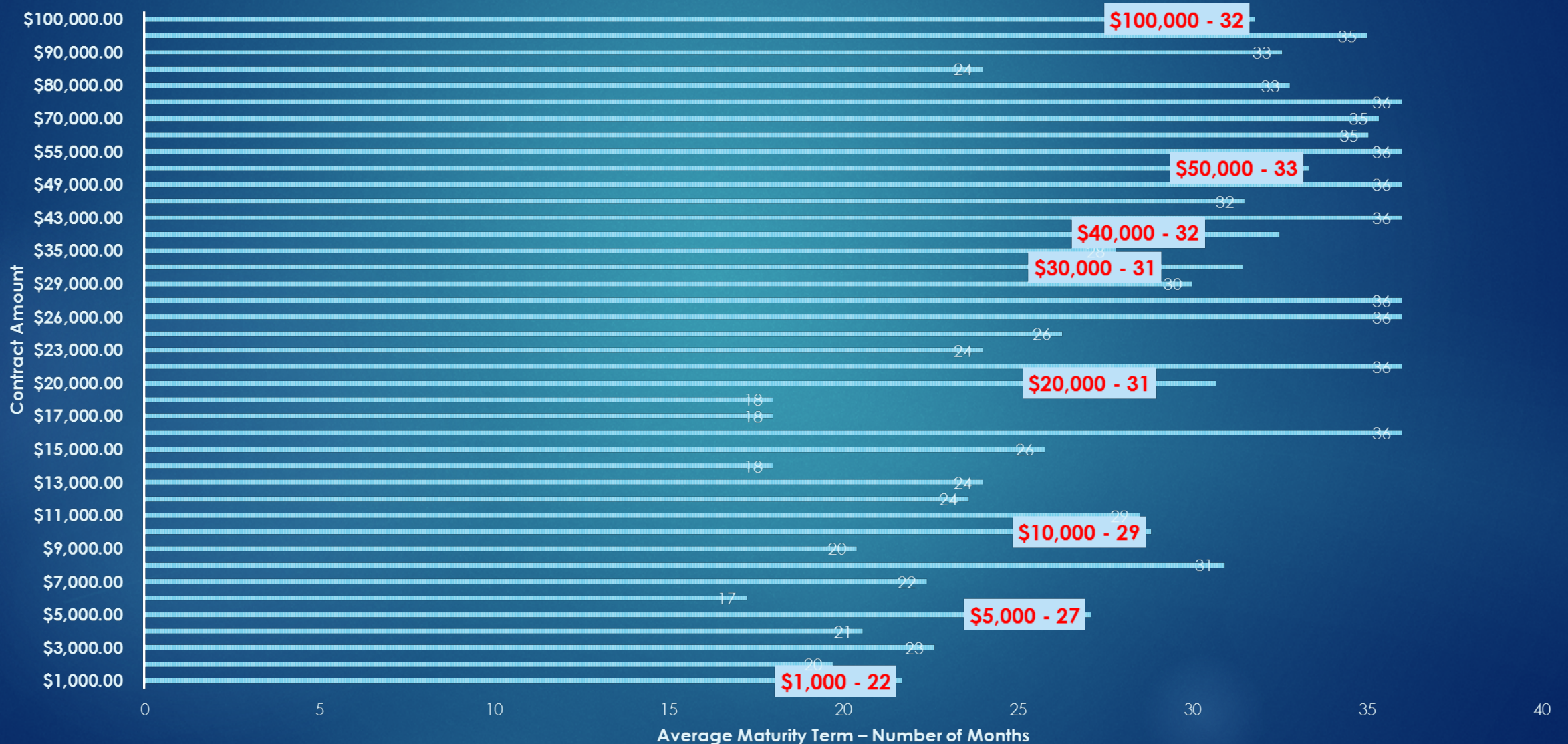
Distribution by Contract Amount



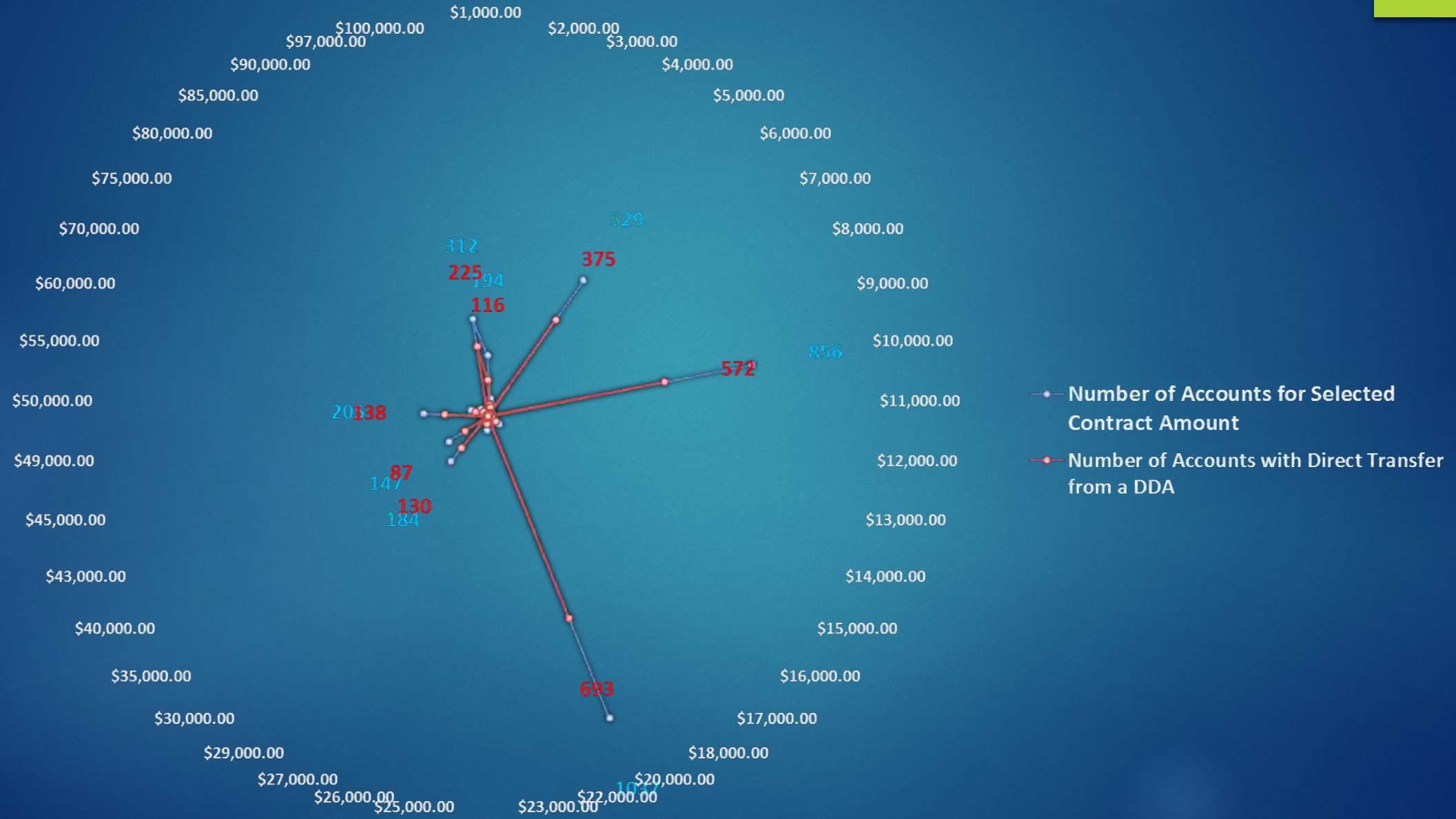
PERCENTAGE OF ACCOUNTS BY CONTRACT AMOUNT
FROM A PORTFOLIO OF ABOUT 3,900 ACCOUNTS

Average Maturity Term

MAXIMUM TERM RANGES FROM 3 YEARS FOR A \$1,000 CONTRACT TO 5 YEARS FOR A \$100,000 CONTRACT



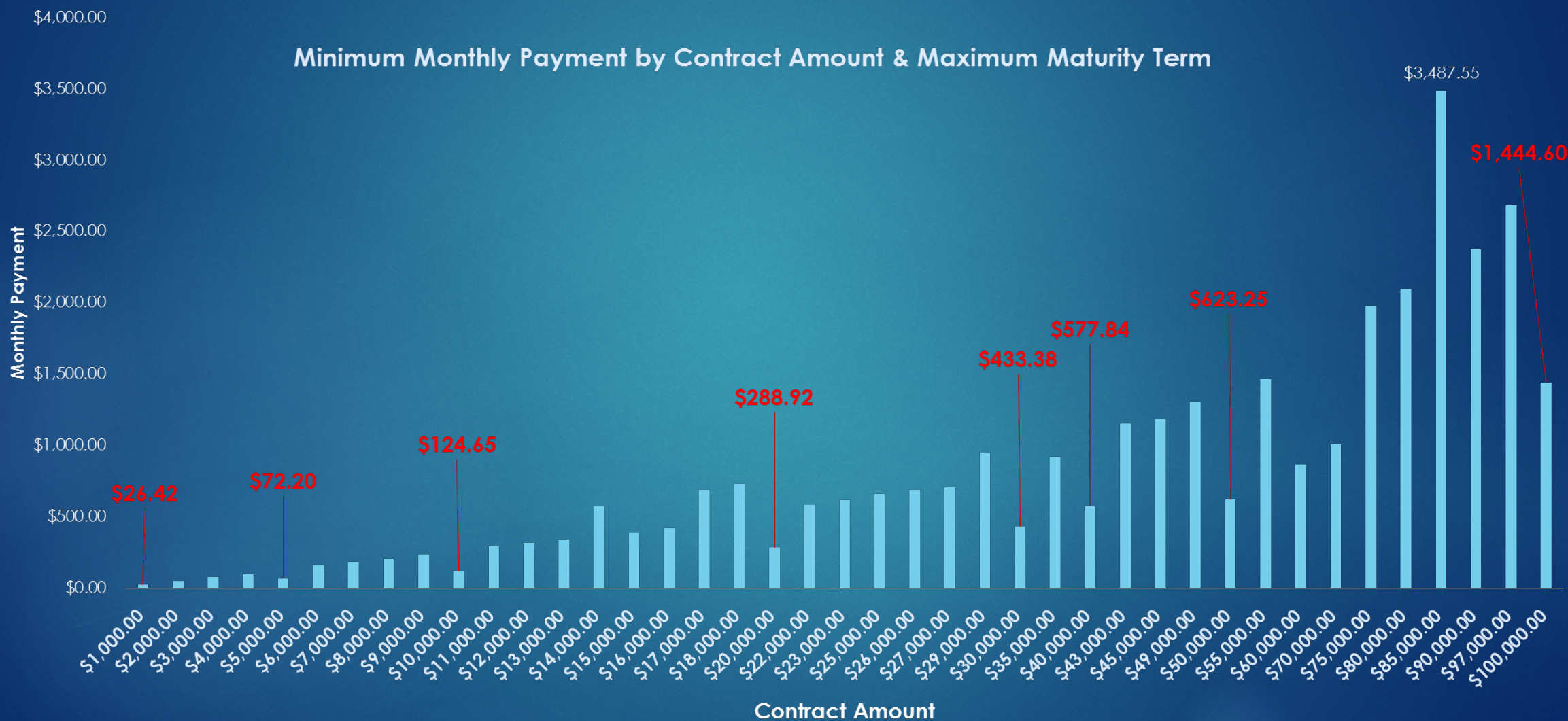
Accounts with Automatic Transfers



Other Requirements

- The minimum amount required to open an account and to obtain the APY for each term of maturity is the initial monthly installment payment.
- Maximum contract amount is \$100,000 per customer.

Minimum Initial & Monthly Payment



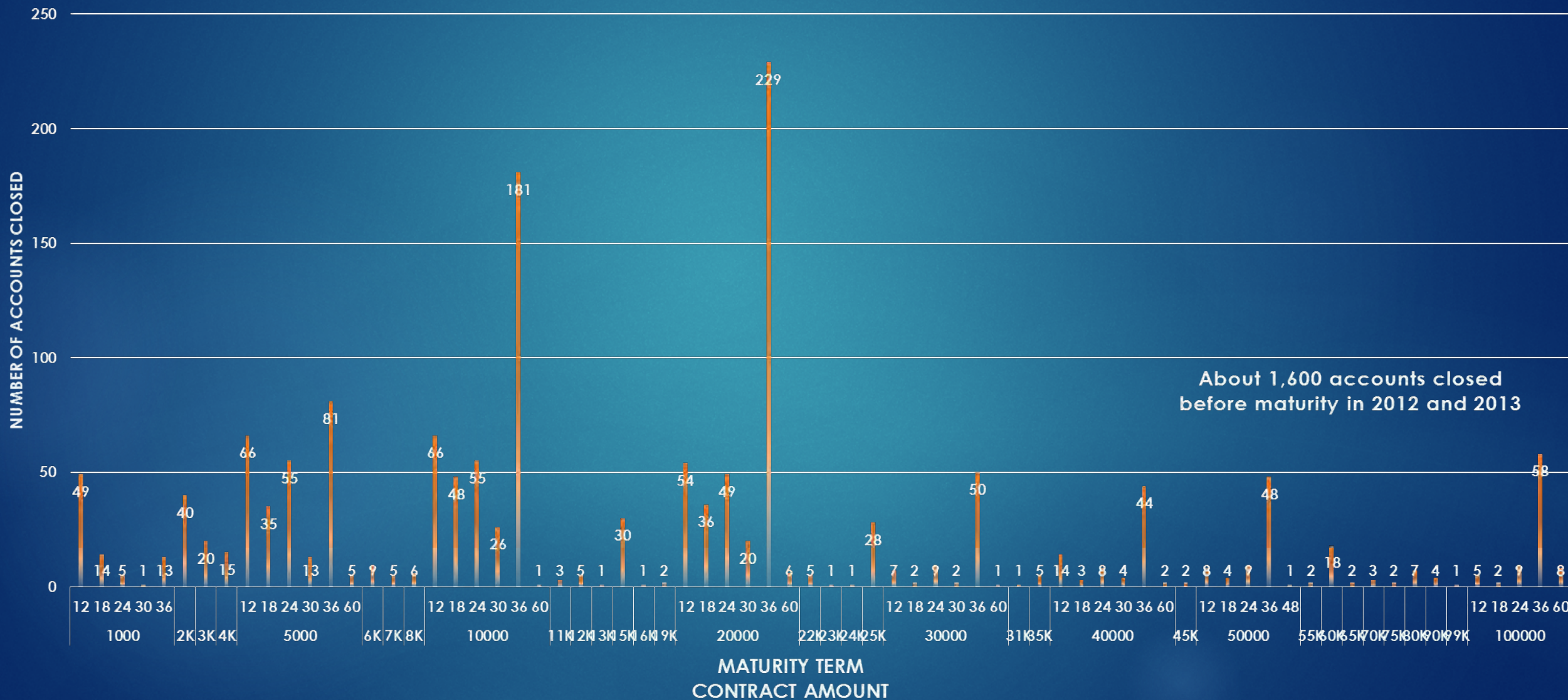
Transaction Limits & Fee

- Any delays in monthly deposits past the deposit cycle date will reduce both the interest and the withdrawal amount available at maturity.
- Failure to make three consecutive monthly payments or cancellation of automatic transfers will result in either closure of account or transfer to a regular savings account that earns lower interest.
- A \$10.00 fee will be applied to every deposit in excess of three payments within a quarterly cycle.

Effects of Account Closing

- Accrued interest will not be paid if the account is closed before interest is credited at the end of the quarterly cycle.
- No early withdrawal penalty is imposed when the account is closed before the maturity date.
- Due to the higher interest rate tier for longer maturity, many accounts closed before maturity had the longest term at account opening.
- Accounts with smaller contract and shorter term exhibit higher rates of early withdrawal.

Early Withdrawals



Summary of Benefits

- Installment savings allow a full range of depositors to save money for short or medium term goals.
- Low initial and monthly deposits encourage first time savers to start a bank account.
- The required monthly payments in each quarter for a higher rate help forming a savings habit.
- Automatic transfers from a DDA lead to more low-cost deposits and long-term relationships for banks.
- Savings are available for emergency uses with no early withdrawal penalty.