Annual Report 2017 – Looking to the Future

For Sandia Laboratory Federal Credit Union, 2017 was a time for building. We’ve been laying a foundation so we’re prepared to meet the future with confidence, particularly in the technology arena, which is advancing at an accelerated pace across all industries.

In that respect, SLFCU recognizes we’re not alone – not even close. Take SLFCU business member Dan Knippel. He and his partners find themselves making significant investments in technology so their company, Danler Collision, can continue meeting its customers’ needs. Financing from SLFCU Business Services helps them stay in the game.

And we’re proud to be there for our members when their goals require financial support. In 2017, we also helped newlyweds buy their first home, awarded scholarships to promising young students, and helped keep a Sandian nearing retirement on the path to financial success.

We’re also pleased to have such a dedicated staff serving these members. In 2017, SLFCU turnover rates were again well below the credit union average; employees who are satisfied with their jobs help hold down costs while retaining valuable knowledge.

We have high standards for our employees – we expect them to be proficient in their specific roles and prepared to answer member questions on an endless number of topics.

Fortunately, SLFCU employees rise to the challenge. Collectively they participated in thousands of hours of mandatory and optional training in 2017. Many, like Card Services Manager Jeff Morris, took advantage of outside educational opportunities with support from SLFCU.

Turn to page 2 to read Jeff’s story. Visit slfcu.org/AnnualReport for a recap of SLFCU’s 2017 achievements, details about the work we’ve done this year to get ready for 2018 and beyond, and to learn more about the members we’ve helped.

Financial Highlights

<table>
<thead>
<tr>
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<th>2017</th>
<th>2016</th>
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<tbody>
<tr>
<td>Total Assets</td>
<td>$2,474,652,000</td>
<td>$2,350,333,000</td>
</tr>
<tr>
<td>Loans</td>
<td>1,244,776,000</td>
<td>1,172,618,000</td>
</tr>
<tr>
<td>Investments</td>
<td>1,011,908,000</td>
<td>993,095,000</td>
</tr>
<tr>
<td>Members’ Share Accounts</td>
<td>2,207,602,000</td>
<td>2,105,376,000</td>
</tr>
<tr>
<td>Reserves and Undivided Earnings</td>
<td>277,268,000</td>
<td>255,795,000</td>
</tr>
<tr>
<td>Gross Income</td>
<td>79,117,000</td>
<td>74,211,000</td>
</tr>
<tr>
<td>Dividends Earned by Members Including Special Dividends</td>
<td>12,914,000</td>
<td>21,780,000</td>
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<tr>
<td>Dividends Earned by Members Excluding Special Dividends</td>
<td>12,914,000</td>
<td>11,758,000</td>
</tr>
<tr>
<td>Net Income Including Special Dividends</td>
<td>21,472,000</td>
<td>10,528,000</td>
</tr>
<tr>
<td>Net Income Excluding Special Dividends</td>
<td>21,472,000</td>
<td>20,550,000</td>
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Find the full report at slfcu.org/AnnualReport or pick one up at any branch beginning February 23.

Online Banking Upgrade Coming in March

New System Provides Budgeting and Savings Tools

SLFCU’s new online banking will give you access to tools that can help you build a monthly budget, automatically categorize transactions into budget categories, and create and track savings goals.

Categorize Transactions and Build a Budget to Manage Your Spending

As you spend and earn money, many of your transactions will be categorized automatically inside online banking. For instance, purchases at a grocery store would be categorized as “Groceries” or purchases at a gas station would be labeled “Auto & Transport.” You can change the categories that have been automatically assigned, assign uncategorized transactions, split transactions between multiple categories, and assign new categories to meet your needs.

| JR. 27 | POS Purchase MCDONALD’S Food & Dining | $1.99 $24.12 |
| JR. 26 | POS Purchase SHELL Service Stat Auto & Transport | $2.74 $25.91 |

Transactions can be labeled with a category such as Food & Dining or Auto & Transport.
Continued on page 2

All Members Welcome

Annual Meeting
Wednesday, February 21
5:30 p.m. (MT)
Sheraton Uptown Hotel
2600 Louisiana Blvd NE
Albuquerque, NM

Livemore Annual Social
Thursday, March 1
5:30 p.m. (PT)
Robert Livemore Community Center
4444 East Ave, Livemore, CA

College Scholarship Opportunity for New Mexico Students

The New Mexico Credit Union Education Foundation (NMCUED) is accepting scholarship applications for the 2018-2019 school year. Applicants must be New Mexico residents with a minimum 2.8 GPA and enrolled full-time as a college undergraduate at an accredited institution in New Mexico.

The scholarship application is available at cuuum.com. Completed applications must be submitted and postmarked to the NMCUED, not to SLFCU, by February 23, 2018.
Online Banking Upgrade Coming in March

It takes just a few additional steps to build a monthly budget based on your categorized spending and income. You can set a monthly income target as well as monthly spending targets for specific categories (such as groceries, utilities, dining out, etc.). The system will track your spending and income versus those targets. You can also opt to receive alerts letting you know you’ve exceeded your spending limit(s).

Create Savings Goals to Help Stay on Track

What’s the next step after building a monthly budget? How about saving for a dream purchase? In the Savings Goals area of online banking you can create savings goals and connect them to a designated savings account. Determine how much money you want to save and set a target date. Then you can view details on how much money you need to save each month to reach your goal, and track your progress toward reaching it.

Tax Documents Available Online

Tax documents from 2016 and 2015 are available in online banking; 2017 forms will appear as they’re generated through April. SLFCU will continue to mail these forms as well. A rolling three years of tax documents are available within online banking, unless you have been a member of SLFCU for fewer than three years.

Building a Career Based on the Credit Union Difference

When Card Services Manager Jeff Morris was 20 years old, his sister – branch manager of a bank in Amarillo – suggested he look for a job with a financial institution. Jeff applied at his top three choices: two banks and SLFCU.

During the interview process, the credit union difference was obvious, and he knew he wanted to be a part of it. “The bank interviews were very sales driven,” Jeff says. “I had to pitch a product to a panel. In contrast, at my SLFCU interview, I learned about the culture.”

Right away he received offers from the banks, but he waited. “Just when I was going to call the human resources department to ask for an update, the phone rang and I was offered the job at SLFCU.”

In his 14 years with the Credit Union, Jeff was a teller, a Contact Center representative, and a trainer before moving to Card Services, where he has managed the department for the last five years. “I have always been encouraged here. SLFCU provided the direction, and it was up to me to take the steps.”

Jeff is a 2017 graduate of the Western CUNA Management School, where he served as class president and received the Charles M. Clark Memorial Award for his leadership and service. He plans to continue his education with a master’s degree in economics or an MBA.

Jeff’s son Skyley was a summer intern at SLFCU in 2017. “He’s seen the opportunities I’ve had and what a great career this can be, so he wanted to learn more about what I do.”

By Becky Richards
How Much Should You Save By Age 30, 40, 50, or 60?

What number should you strive to reach?

Brought to you by the MEMBERS Financial Services Program* Located at SLFCU

The earlier you start saving for retirement, the better. The big question on the minds of many savers, however, is “Am I saving enough?” This article will show you some rough milestones to try to reach. Keep in mind that you may need to save more or less than these amounts based on your objectives, lifestyle, and income needs.

By age 30, you should save the equivalent of a year’s salary. Some 30-year-olds have the equivalent of a year’s salary in debt. However, it’s possible to manage debt while saving and investing to build wealth simultaneously. One way to reach this goal is to save (and invest) about one fifth of your after-tax income beginning at age 25. That assumes you start at 25 with no savings; if you start saving and investing earlier, the goal may be easier to attain.¹

By age 40, your savings should be triple your yearly earnings. The average American currently saves about 3.5% of his or her income. Can you save 3.5% of what you earn at 25 or 30 and build a six-figure retirement fund by your 40th birthday? Perhaps, if you are an investing wizard or start your career with a salary north of $100,000. Otherwise, saving and investing 10-15% of what you earn annually will be crucial to reaching this goal.²

By age 50, your savings should be about six times your salary. Slow and steady saving and investing could get you there, but building up $250,000 or more in retirement money can be a challenge given factors like child-rearing, divorce, premature unemployment, or health concerns. One solution is to adjust your discretionary spending habits, if life allows:

By age 60, your savings should equal eight or nine times what you earn annually. Amassing $500,000 or more in retirement assets should be a priority. If you haven’t achieved this level of assets, consider other options for generating retirement income. Social Security benefits may help supplement your personal retirement savings. The equity in your home may provide another source.³

Saving and investing 10-15% of your annual pay merits serious consideration. Through recurring contributions to tax-deferred retirement savings accounts, you can make saving and investing a regular process. Your future self will thank you.

MEMBERS Financial Services may be reached at 505.237.3930 or by emailing memts@slfcu.org to schedule a no-cost no-obligation appointment.

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¹Securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), membership-
²FINRA/SIPC. A registered broker/dealer and investment advisor. CBSI is under contract with the financial institution to make securities available to members. Not NCUA/NCUSIF/BCU Insured, May Lose Value, No Financial Institution Guarantee. Not a deposit
³of any financial institution. FN-980033.1-02/17-0210

Citations:
1. - businessinsider.com/how-much-money-you-should-have-saved-every-year-2017-9 [8/18/17]

Don’t Give Your Account Information to Scammers

We’ve all seen those suspicious emails, texts, and social media posts – a friend’s impersonal message that’s peppered with typos, the opportunity to win a shopping spree or a free round-trip flight. Sometimes these scams are obvious; other times they’re more difficult to identify.

More and more, scams are being perpetrated by someone posing as a friend, acquaintance, or someone you have met. Cyber criminals can create fake accounts or hack into real social media accounts. With the fake or compromised account, they try to trick you into giving them money by asking for your account information through a personal message.

Do not provide anyone your online banking credentials, credit card number, account number, or PIN. SLFCU will never ask you for your account number by initiating a phone call, email, or text. If you have shared your personal information, contact SLFCU immediately so we can take the necessary precautions to protect the security of your information.

For more information about common fraud schemes, visit the FBI website at fbi.gov/scams-and-safety.

By Kristyna Ciolk

Tax Season Help

 Turbo Tax Discount 
 Direct Deposit Information 
 IRA Contribution Deadlines 
 Taxpayer Resources

Visit slfcu.org/TaxHelp.
Important Tax Information

To have your tax refund deposited directly into your account, you will need the following information:

- SLFCU’s routing number: 307083911
- Your 10-digit account number, as printed on the bottom of your checks:
- You can also find the correct account number format in online banking.
- Refunds from joint returns must be deposited into an account that is in the primary taxpayer’s name. The primary taxpayer is the person listed first on your 1040.
- SLFCU can only deposit tax refunds into an account on which the taxpayer is listed as a primary or joint owner.

Another person’s refund cannot be deposited to your account unless he or she is also an owner.

If you need help with your tax refund direct deposit, call 505.293.0500 or 800.947.5328, III

New online and mobile banking coming in March!

Dollars & Sense

2017 Annual Report – Looking to the Future
Online Banking Upgrade Coming in March
How Much Should You Save for Retirement?

On the Calendar

Presidents’ Day
Monday, February 19 • All Branches Closed

Annual Meeting
Wednesday, February 21, 5:30 p.m. (MT)
Sheraton Uptown Hotel
2600 Louisiana Blvd NE, Albuquerque, NM

Livermore Annual Social
Thursday, March 1, 5:30 p.m. (PT)
Robert Livermore Community Center
4444 East Ave, Livermore, CA

All members are invited to attend the Annual Meeting and/or Annual Social. Refreshments will be provided.

Brought to you by the MEMBERS Financial Services Program* located at SLFCU. Register at slfcu.org/Calendar or by calling 505.293.0500 or 800.947.5328.

Uncovering Barriers to Investment Success
Do you have realistic performance expectations?

Tuesday, February 27 Noon - 1:00 p.m. • Tech Park
5:30 - 6:30 p.m. • Juan Tabo

*Securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor. CBSI is under contract with the financial institution to make securities available to members. Not NCUA/NCUSIF/FDIC insured, May Lose Value, No Financial Institution Guarantee. Not a deposit of any financial institution. CUNA Brokerage Services, Inc., is a registered broker/dealer in all 50 states of the United States of America. 888-646-1-2018-0220