



CASE STUDY

SimpliCD
Clearview FCU



**An "Old Faithful" Tool That Brings
Simplicity to Investments & Liquidity**



It's no secret that financial management is a critical topic in today's environment. That's especially true for institutions like credit unions, which are not only in charge of managing their balance sheet, but also providing and preserving funds so that their members can be financially successful. Needless to say, the stakes are high and so is the level of intricacy.

A true balancing act, managing credit union financials means maintaining an equilibrium between readily available liquidity and investments that will provide sustainable capital and equity. The question for many credit unions is how? How do you tame the complexities of finance when there are so many nuanced and volatile influences, such as the economy, market performance, interest rates, etc.? This question has only been exacerbated by the tumultuous financial landscape in recent years.

While there is no surefire way to make balance sheet management simple, **Clearview Federal Credit Union** (Pittsburgh, Pa., \$1.9 billion), found an invaluable instrument within their financial tool kit. That instrument is SimpliCD, a certificate brokerage management system owned by Primary Financial, a credit union service organization, and is available through their corporate credit union, Vizo Financial.

The Best of Both Worlds

Part of being successful in finance is flexibility. Without the ability to change course and move quickly when market trends shift or interest rates move, credit unions can fall behind. That's the beauty of SimpliCD, because it has the best of both worlds - investments and issuance. For Chris Lucatorto, chief financial officer of Clearview FCU, both sides have been beneficial for the credit union, especially when combined with other, more traditional sources of funding.

“Through Vizo [Financial], we do have a line of credit. And then we have the Federal Home Loan Bank for borrowing, as well. But in reality, SimpliCD is a route to go if we want to do contingent or outside funding from the deposit perspective.”

As Lucatorto pointed out, whether a credit union utilizes the issuance or investment side depends upon a host of outside sources: interest rates, loan volume and so on. With interest rates remaining elevated and inflation still a thorn in the economy's side, limited liquidity has been a major cause for concern among credit unions. He stated, “From a dollar volume perspective, I would say we do more on the issuance side. This is based upon the past couple of years. On the investment side, we utilize that less at the moment, but I think a lot of it is just dependent on where our overall financial picture is at. They're definitely both in the conversation of usage and it's not to say we can't change it down the road either.”

To provide even further flexibility to manage finances, the issuance side of SimpliCD offers two programs: the custodial option and the DTC option. According to Lucatorto, who has used both options, the custodial option runs within the SimpliCD network of more than 3,500 credit unions across the country and makes all participating institutions' certificates available for investors.

"I do like how the custodial route works," said Lucatorto. "I get daily updates of other credit union offerings, and I get individual emails when there are new issuances, so it's definitely a nice option to have to see what other institutions are issuing."

With the DTC option, credit unions can issue certificates to public investors and not just those within the custodial network. In addition, DTC certificates can be issued for higher amounts, which is helpful if a credit union's liquidity needs are higher.

With multiple issuance options and the ability to find suitable investments, SimpliCD offers something that is invaluable in financial management - versatility. And that versatility extends beyond the features and capabilities of the SimpliCD program. The sheer volume of financial institutions that use and post investments and issuances within the program provides even greater funding opportunities for credit unions like Clearview FCU.

The Mechanisms Behind the SimpliCD Tool

When it comes to credit union financial management, success depends upon strategy. As part of that strategy, institutions ask questions like: *What avenue is going to give us the best return on our investment? Is there a resource that offers Goldilocks' "perfect fit" in getting that ROI? Or, better yet, is there a Swiss Army knife-type of tool that includes many accoutrements to assist our institution in achieving our investment and liquidity goals?* For Clearview FCU, SimpliCD met all of those needs with its many stand-out features.

Timing

Timing is everything, they say. According to Lucatorto, Clearview FCU has relied upon the impeccable timing of SimpliCD to make quick work of available investments or issued certificates. "There's just the peace of mind of knowing that we can act on it quickly. If something happened where I need to address our liquidity position, I could call them and get it set up probably within an hour or two," said Lucatorto. "And if I really wanted to, we could probably get something set up to be issued today. So, it's knowing that I can do that quickly if needed."



Also in the name of timeliness, SimpliCD can provide a sense of market developments thanks to real-time activity within the program. Lucatorto shared, "You can gauge where the market's at and what the offerings are at. It's a there when you need it type of thing."

Expertise

Another perk of SimpliCD is that the experts behind the program offer a competitive advantage. Their extensive knowledge of investments and certificates, as well as the markets, provides added support and confidence to credit unions in making decisions that will impact their financial standing.

According to Lucatorto, "what's impressed me the most about the program is working with the team. The team has a really good feel for where the market is at in general. The knowledge they have was really impressive and helpful to me. I would kind of be guessing because I'm not heavily involved in the market and analysis that they go through every day."

Collaboration

From a collaboration standpoint, SimpliCD engages members of the financial community to pool their resources to optimize liquidity management and enhance investment opportunities. By working together through SimpliCD, credit unions can achieve greater financial stability and flexibility, enabling them to meet their members' needs more effectively.

Lucatorto had this to say about the collaborative approach SimpliCD leverages to build collective assets that diversify investment portfolios and ensure that each participating institution maintains sufficient liquidity: "Everybody is, to an extent, working together so that everybody can achieve their goals. Because everybody's in different positions, people are engaged in the program. The fact that I'm able to pick up a good chunk of money in a short amount of time means that institutions are paying attention."

SimpliCD fosters a shared sense of community and cooperation among credit unions, strengthening their ability to serve members while promoting financial health and sustainability across the network. And that cooperation doesn't just reach across natural person credit unions - it also infiltrates the relationships credit unions have with their service providers.

Lucatorto often looks to Clearview FCU's Vizo Financial corporate account manager, Steve Houser, and the Corporate's money management team to be a good "middle person" between the strategy and the SimpliCD program. "I can bounce ideas and say what are you seeing? How are other places doing with liquidity compared to us?" he said. "It's just a good holistic view, and you can obtain a vibe for peers and everything that's going on in the market."



Reporting & Consolidation

SimpliCD also offers a convenient and comprehensive reporting and payment consolidation process that streamlines management of funds. It's an easy, all-in-one way to monitor cash flows, access liquidity levels and ensure compliance with regulatory requirements to help reach the credit union's goals, as well as track financial obligations. With the integration of an institutions' accounts, SimpliCD simplifies the payment process, reducing the risk of errors and missed payments.

"Everything ends up being easy to track because it all goes on one report and we get a month-end summary saying here's the interest due, and it just gets taken from your account. So, we like the convenience part of that. It's pretty seamless," said Lucatorto.

Ease of Use

When it comes to the day-to-day functions, such as searching for viable investments and certificates that meet funding and term requirements, the SimpliCD program is particularly user-friendly, a benefit that saves both time and resources. With simple interfaces and clear prompts, credit unions can quickly become proficient in utilizing the platform.

"It's definitely easy to use. A lot of it is just talking to Primary Financial. We had to do some paperwork, but it's a pretty simple process and it's all integrated with our current accounts," said Lucatorto.

In addition, the support from the SimpliCD team provides hands-on assistance to amplify the credit union's understanding of operating the program's technology, and most importantly, maximizing financial strategies.

SimpliCD, A Financial Staple in Any Credit Union's Toolbelt

Ultimately, SimpliCD is a tool that can bring together the many sides of a credit union's portfolio in an all-encompassing program. It's been a financial staple in Clearview FCU's toolbelt, and Lucatorto is passionate about the guidance and unique features it can provide for credit unions that are looking to fortify their financial position, whether through liquidity and/or investments.

"I've been very happy with it. I think everybody that is involved in the program does a great job, communicates well," he said. "We know what to anticipate. If we don't know what's going on, we ask and we get answers quickly. So, I think just knowing that it's there and it's a reliable program and you've got the right customer support, it's a really good option for other credit unions to consider. I think credit unions *are* considering it, because you look at all the issuances out there and the activity. It's certainly a very relevant program."

Despite the complexity of financial management in the modern age, SimpliCD has found a way to harness all the best aspects of technology and strategy and incorporate them into a platform that not only assists credit unions in managing their financial position, but also strengthens it through a collaborative network of like-minded institutions. It's a tool that brings back flexibility, empowered decision-making and simplicity to the forefront of finance.



"SimpliCD is one of the top three or four options that we have," expressed Lucatorto. "It's a part of our planning, and it's a serious, reliable option. It's that Old Faithful route."