

Credit Unions Give Investors More Choices

Credit unions can be just as safe, accessible and convenient as banks.

By [Ken Tumin](#) | Contributor Nov. 15, 2016, at 8:24 a.m.



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Credit unions have long given savers more banking choices. The [recent news](#) of the Wells Fargo & Co. (ticker: [WFC](#)) scandal, in which employees created fake bank accounts, highlights the need to have more choices.

Banking customers fed up with the big banks like Wells Fargo can find many reasons to move their money to credit unions. In addition to better customer service, you'll likely receive better rates. In a recent [study of deposit rates](#), credit unions were shown to have higher rates than banks on checking accounts, savings accounts and CDs. Savers have sometimes stayed with their banks because they're unaware of [important facts about credit unions](#). They don't realize that credit unions can be just as safe, accessible and convenient as banks.

Partnerships of credit unions and brokerage firms. When you think of moving your money from banks to credit unions, you probably think of the money you have in checking accounts and savings accounts. However, it's now common for people to have investments at the brokerage arms of their banks.

Banks are not the only ones offering this. Many credit unions have started offering their members investment products and services. Typically, the credit union contracts with a brokerage firm to provide members with [investment](#) products and services.

It's important that people realize that these investment products are not deposit accounts. Opening an investment account through your bank or credit union doesn't make it a deposit account. Both banks and credit unions are careful to point out that such investments are not federally insured and involve investment risks.

Both banks and credit unions see an advantage to be the hub of all of your financial needs. From their side, it creates more opportunity to grow revenue. From the side of the customer or member, it can make things more convenient. However, investing through your bank or credit union may not be your best option. Before you decide to move your investment money to a credit union, several issues should be considered.

Financial advisors. First, it's important to understand the type of investment services that you need. The beginner investor may be [looking for a financial advisor](#) who will not only put together a plan, but will also help manage the investments. Several brokerage firms specialize in partnering with banks and credit unions to offer these services. One of the large firms is LPL Financial, which has contracts with more than 600 banks and credit unions. Another large firm, CUSO Financial Services, works with more than 185 credit unions to offer credit union members customized investment solutions.

Self-manage investing. Many investors do not want planning help or investment management. They may just want to [set up a low-cost brokerage account](#) at a company like Fidelity or TD Ameritrade. Some credit unions have contracted with brokerage firms that specialize in low-cost online investing. Two examples are SaveDaily and BestVest.

SaveDaily contracts with not only credit unions but other financial institutions in offering low cost mutual fund investing. SaveDaily is designed to appeal to those with small savings. There is no minimum investment amount and no maximum number of transactions. SaveDaily charges a low flat monthly fee.

BestVest also targets those with small savings, but unlike SaveDaily, it functions more like a typical online discount broker. It sets itself apart from companies like Charles Schwab and E-Trade by having no minimum balance requirements and no monthly inactivity fees. BestVest also markets its convenience for credit union members. When you trade with BestVest, your sale proceeds will be deposited directly into your [credit union checking account](#). If you purchase a security, BestVest will debit your checking account to pay for your investment.

Multiple investing services at one credit union. Some credit unions have contracted with multiple brokerage firms to cover more of their members' needs. For example, the [eighth-largest credit union in the nation](#), Alliant Credit Union, contracts with both LPL Financial and SaveDaily. For members who prefer to work with financial consultants, LPL Financial offers a full-service investment program with financial consultants. For members who prefer to self-manage their investments, SaveDaily provides online investment tools that allow Alliant members to choose from over 125 mutual funds.

Patelco Credit Union, the [sixth-largest credit union in California](#), also contracts with SaveDaily. Its program is called InvestDaily, and Patelco markets the program as an easy and inexpensive way to buy and sell mutual funds online. For members who want more help with investing, Patelco partnered with CUSO Financial Services to offer full-service advisory and online trading.

Visions Federal Credit Union, the [sixth-largest credit union in New York](#), offers members discount brokerage services with BestVest. Financial planning and investing are offered through LPL Financial.

Cost versus convenience. You won't find brokerage and investment services at all credit unions. They're more likely to be found at the larger credit unions that are competing with banks and brokerages to be your primary financial service provider. Combining both your banking and investing under one credit union can add convenience. However, with so many brokerage choices on the internet, you may find lower cost options by opening an account directly at a discount brokerage firm. As you evaluate the choices, don't forget to consider the investment services that several credit unions offer.

Top Investment Banks and Brokerage Stocks

Stock Name	Market Cap	1 Year Return
CME Group Inc CME	\$38.7B	▲ 25.28%
Nasdaq Inc NDAQ	\$11.0B	▲ 19.42%
Morgan Stanley MS	\$72.2B	▲ 15.50%
Intercontinental Exchange Inc ICE	\$33.5B	▲ 13.88%
Charles Schwab Corp SCHW	\$47.8B	▲ 12.50%
Goldman Sachs Group Inc GS	\$81.4B	▲ 8.48%
TD Ameritrade Holding Corp AMTD	\$19.3B	▲ 4.68%
Ameriprise Financial Inc AMP	\$17.6B	▲ 1.14%
Nomura Holdings Shs Sponsored American Deposit Receipt Repr 1 Sh NMR	\$18.8B	▼ 13.64%
CS Group Shs Sponsored American Deposit Receipt Repr 1 Sh CS	\$29.7B	▼ 33.27%

Stock information as of November 14th, 2016