

# Insights & Advice

2023 FALL/WINTER EDITION



 SCU



## Message from the CEO

It's hard to believe that 2023 will soon end and that we will have navigated through another year filled with challenges, change, and interest rate hikes. In the face of these economic conditions, we continued to encourage members to explore the possibilities of how—when you pair higher rates for everyday savings and registered investments with SCU's trusted advice and guidance—members really can live today while also saving for tomorrow.

Over the course of 2023, the Bank of Canada raised rates but has now held the policy rate at 5.00% since July. These higher rates have posed a challenge for those looking for a new home mortgage or needing to renew their own. But for savers, these rising rates are a boon to their savings goal. This year, first-time home buyers received a boost from the launch of the Government of Canada's new tax-free First Home Savings Account (FHSA). In our spring issue, we provided an overview of the FHSA—now that it's launched, in this issue, we offer tips and advice on making the most of your FHSA while preparing to purchase a first home.

While we all wish we had a crystal ball to predict the future, for our part, SCU will continue to provide members with competitive rates, personal service, custom mortgages, and all products and services you need along the road to your best financial future. Speaking of travelling the road, this year, we also launched our premium credit card, the SCU Cash Back World Elite® Mastercard®, where members can earn rewards on everyday purchases, get cash back, or take advantage of the available travel perks.

Recently, we announced that all members currently enrolled in digital banking will now receive electronic statements (eStatements) and, beginning February 1, 2024, there will be a small fee to continue to receive mailed statements. Learn more about this change in this newsletter and online.

As the days get shorter and evenings darker, it's another sign that a new year is right around the corner. Why not get ahead of year-end deadlines and begin planning for 2024 by meeting with a member of our wealth team?

All the best,

Glenn

## Here's what's happening at SCU

### AGM IS ON MARCH 12

#### SAVE THE DATE!

Join us at Emmanuel Evangelical Free Church, 360 McKenzie Avenue in Steinbach, for updates and results for 2023. Look for your Voting package in the mail in January for more details.

### INSIGHTS & ADVICE: TIPS FROM AN EXPERT

Join us online on the second Wednesday of each month for a webinar on a variety of financial topics including retirement readiness, estate and tax planning, budgeting, finances, and more. Visit our website at the link below to view the full events calendar and to sign up to attend.

### THE WINNIPEG RENOVATION SHOW

Looking for inspiration for your next home renovation? Join us at the Winnipeg Renovation Show from **January 12 – 14, 2024**, to check out interactive displays and talk to industry experts. Don't forget to stop by the SCU booth and talk about financing your next renovation.

Explore all of our events at [scu.mb.ca/events](https://scu.mb.ca/events)

### IMPORTANT MESSAGE ABOUT PRINTED STATEMENTS

On October 1, 2023, all accounts currently enrolled in digital banking were set to automatically receive electronic statements (eStatements) only, with the exception of Golden Chequing accounts. Beginning in February 2024, a small fee will be charged for mailed statements. Learn more about the move to digital monthly statements at [scu.mb.ca/statements](https://scu.mb.ca/statements)



## 3 ways to get the most from your FHSA

The long-awaited First Home Savings Account (FHSA) has arrived at SCU! An FHSA is a registered savings account that allows you, as a prospective first-time home buyer, to save up to \$8,000 annually (\$40,000 lifetime) that can be used toward the purchase of your first home.

Here are three ways to make the most of your savings with an FHSA.

### 1. Tax-free savings, tax-free withdrawals

Whether you're just starting to think about saving for your first home or you've already begun your saving journey, the new FHSA provides the tax-reduction benefits of an RRSP with the tax-free growth of a TFSA. Contributions and interest earned are non-taxable when withdrawn and used toward the purchase of your first home, which means you can keep more money in your pocket.

#### HOT TIP

Accelerate your savings by combining your FHSA contributions with your TFSA savings and your RRSP through the Home Buyers Plan (HBP).

### 2. Choose your investment option

Choose how you want to save based on your unique saving goals. Contribute monthly and watch your savings grow with a variable rate FHSA or take advantage of higher interest rates with a GIC, available in 1- to 5-year terms. Or, enjoy the best of both worlds by contributing to a variable rate FHSA throughout the year and then locking your funds into a GIC term.

#### HOT TIP

Easily set up equal automatic deposits and you'll never have to worry about going over your annual or lifetime contribution limits.

### 3. Set yourself up for mortgage success

An FHSA can bring you peace of mind by allowing you to focus on what really matters—finding your dream home. When you're ready to purchase your first home, our SCU lending specialists will guide you through the process of exploring the mortgage solution that's right for you.

#### HOT TIP

When it's time, your pre-approval meeting is a great opportunity to ask questions and explore your mortgage options. Download this checklist to help you get ready to meet with your SCU lending specialist. [scu.mb.ca/mortgage-checklist](https://scu.mb.ca/mortgage-checklist)

Learn more about FHSAs at [scu.mb.ca/fhsa](https://scu.mb.ca/fhsa).



## Earn up to 4x rewards

Reward yourself with a card that fits your lifestyle. With the Cash Back World Elite® Mastercard®, you'll earn 4 times the rewards on everyday purchases that can be redeemed for cash, travel, and more.

Apply at [scu.mb.ca/personal-cards](https://scu.mb.ca/personal-cards)

®The Collabria Mastercard is issued by Collabria Financial Services Inc. pursuant to a license from Mastercard International Incorporated. Mastercard is a registered trademark and the circles design is a trademark of Mastercard International Incorporated.

# Exploring the GIC possibilities

A Guaranteed Investment Certificate (GIC) is a low-risk investment that provides a guaranteed rate of return over a fixed period of time. GICs are a safe and reliable way to grow your wealth and a great way to maximize your returns.

## GICs to meet your needs

### STANDARD GIC

Choose from 1-year to 5-year term lengths to fit your goals and earn a guaranteed rate of return.

### U.S. DOLLAR GIC

Choose from 30, 60, or 90-day; or 1-year terms so your funds are available for your next getaway south.

### INDEX-LINKED GIC (ILGIC)

Protect your principal investment while participating in the stock market. Some ILGIC have unlimited earning potential, while others have caps or limits on returns.

**NOTE:** The minimum requirement for GIC investment is \$500. GICs are non-redeemable.

## Maximizing your GICs



**Term length:** Match the term length to your saving goal timeline. And don't forget that all deposits, with the exception of ILGICs, are guaranteed 100% by the Deposit Guarantee Corporation of Manitoba\* (DGCM) so your funds are always secure.



**Tax impact:** Look for tax efficiency when determining where to put your GIC. Using a Tax-Free Savings Account (TFSA) for your GIC ensures that earnings from investment growth is tax-free, regardless of when or how much you withdraw. With an RRSP, you can enjoy the tax savings today, and any taxes will be deferred and paid when the funds are withdrawn at a later time when your income is lower, so you'll pay less tax overall.



**Registered products:** Choose to hold a GIC in a registered product that matches your needs and saving goals. These include Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Tax-Free Savings Account (TFSA), First Home Savings Account (FHSA), Registered Education Savings Plan (RESP), and Registered Disability Savings Plan (RDSP).



**Laddering:** Use a laddering investment strategy to maximize your returns while offering the liquidity to tap into some of your funds at maturity. See the GIC laddering strategy in action in the graph on the opposite page.



**Next steps:** When your GIC matures, why not explore the possibilities of rolling your funds, including interest, into another term?

### HOT TIP

#### We can help

We have a team of deposit specialists who are ready to help you decide the best GIC options for your saving goals. Call or visit us to explore the possibilities.

\* includes all savings and chequing accounts, RRSPs, RRIFs, TSFAs, FHSAs, RESPs, and GICs.

# Deposit Laddering

Deposit laddering is an investment strategy that will help you maximize returns while offering the liquidity to tap into those funds on an annual basis.

Instead of trying to time the market for the highest interest rate, with deposit laddering you can enjoy the benefit of a higher rate while still accessing part of your money each year.

The concept is simple—divide your total investment dollars by five and deposit these smaller amounts into each of the terms that SCU offers. As each term matures, lock it into a new term. This way, you will have a GIC that matures every year, giving you the option to access some of the money, re-invest what you have, or even add more funds to a maturing GIC.

The graph below compares variable savings to a laddered GIC strategy, and illustrates the difference in interest earned over a 5-year period. The example uses interest rates at time of publication (November 2023) and an investment of \$25,000.

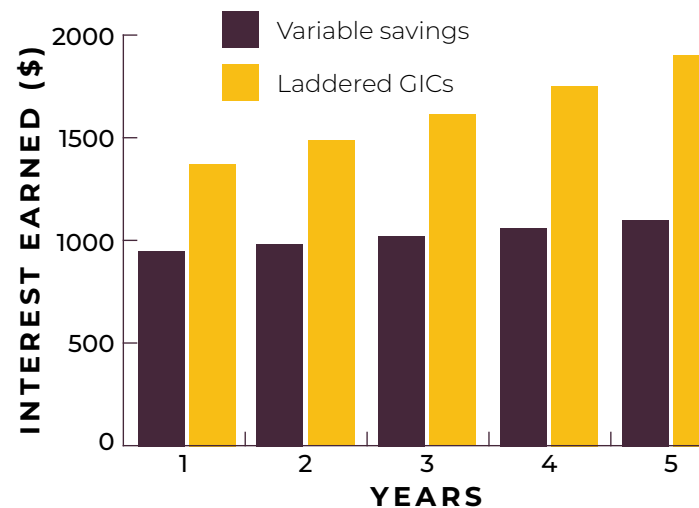
In this example, there is a 37% difference in return over the 5-year period. That's because when you consider the actual interest earned year-over-year, the laddering strategy earns the average rate across all five terms.

We can help you build a savings strategy that works best for you. Call us at **1.800.728.6440** or fill out a contact form at [scu.mb.ca/GIC](https://scu.mb.ca/GIC) to discuss your next steps.

# 37%

difference in return within five years between GIC laddering and investing the lump-sum in your variable savings

Comparing interest earned over a five-year period



For illustrative purposes only. Based on a \$25,000 investment.



### HOT TIP

Laddering allows you to take advantage of market fluctuations

# Big or small, all renovations take planning

Determining the return on investment from renovations starts by evaluating your intentions

Whether you want to increase your home's curb appeal, carry out general maintenance, or give your home a personal touch, it takes planning to execute a renovation successfully. Before you begin, ask yourself these important questions:

## HOW MUCH WILL MY RENOVATION COST?

Speak with at least two contractors and collect multiple estimates. The more information you gather, the more accurate your estimated project costs will be. Another consideration is how much you want to spend and whether or not you plan to stay in your home long-term or want to add value for resale.

## WILL THIS RENOVATION ADD VALUE?

Some renovations add more resale value than others. Modernizing and improving functionality is a good way to raise the value of your home. After you receive the

estimates, and prior to moving forward, ask an appraiser for the "upon-completion value" of your home so you know whether your investment will be rewarded.

## HOW SHOULD I FINANCE MY RENOVATION?

Your financing options will depend on your home equity, the size of the project, and how you want to access your funds. If you want the ability to access your money as you need it, a line of credit may work for you or, if you plan to pay for your renovation over time, a loan might be a better choice. If you prefer to spread the costs over the duration of your mortgage, SCU's renovation mortgage could be the best option.

## WHAT EXTRA EXPENSES MIGHT I ENCOUNTER?

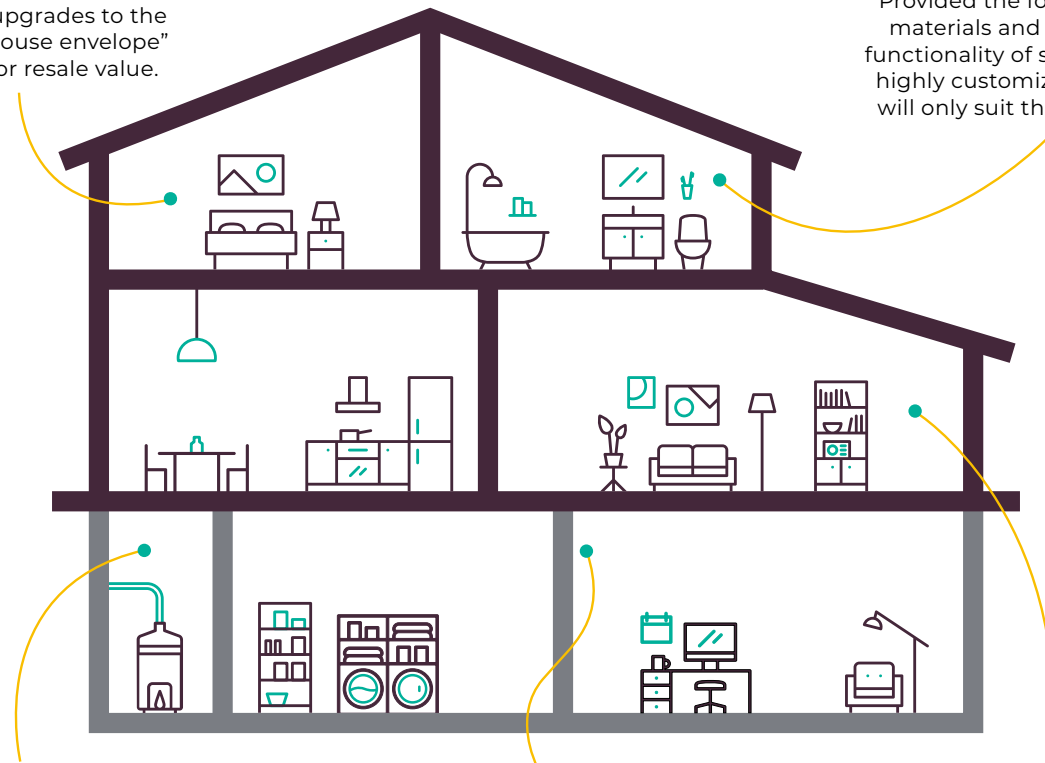
Plan for the unexpected and add a contingency fund to your budget in the event that costs rise.

### Roof replacement, new windows, new siding

Structural upgrades to the so-called "house envelope" are great for resale value.

### Kitchens and bathroom remodel

Provided the focus is on quality materials and appliances and functionality of space, rather than highly customized features that will only suit the current owner.



### Electrical, plumbing and furnace upgrades and replacement

Like roofs and windows, these low depreciable upgrades—specifically when replacing a worn-out furnace, decades-old wiring or knob-and-tube—add value to the home.

### Finished basement

Particularly for a bungalow or raised bungalow—the added space will increase the home's value.

### Fresh paint

A fresh coat of paint throughout the property a month before it's put up for sale will do wonders for appeal.

# Fraud Files

SPOT THE RED FLAGS

## When an *Interac e-Transfer*<sup>®</sup> seems too good to be true

To protect the identities of those involved, names, and details of this story have been changed.

### WHAT HAPPENED

When he filed for his 2022 taxes, Brendan noticed an option to sign up for text alerts from Canada Revenue Agency (CRA). He was happy to have the option to receive notifications by text instead of email, thinking it would ensure he wouldn't miss anything important.

Nearly two months after he filed his 2022 tax return, Brendan received a text message from CRA advising him that he still had an *Interac e-Transfer* waiting to be deposited. The text message included a link to accept the *Interac e-Transfer* along with a deadline of when he had to accept it if he wanted to receive the money. Brendan decided to contact CRA directly before taking any further action.

### THE SCAM

When Brendan spoke with a CRA representative, they confirmed there was no outstanding refund on his account and went over the ways to know for certain that this message was a scam.

1. **Don't click the link:** CRA will never send any message with a link.
2. **Amount does not match the Notice of Assessment:** CRA will never include the amount of the return in a text message.
3. ***Interac e-Transfer*:** CRA payments are made either by cheque mailed to you or through direct deposit if you've registered for it, but never by *Interac e-Transfer*.

4. **Unusual capitalization and punctuation:** One of the easiest ways to tell if a message is a scam is to look at things like grammar, random capitalization, and punctuation.

### WHAT HAPPENS ON OUR SIDE

SCU understands not everyone is as aware of potential fraud. We encourage you to reach out to us if you have any questions or concerns about a message you receive. Or, if you realize too late that you've clicked a link you shouldn't have and your bank account might be compromised, contact SCU immediately so we can work with you to prevent fraud activity on your account.

**Key takeaway:** It's important to be cautious any time you receive an unexpected message with a link in it. Scammers create links that, when you click on them, compromise your device by installing malware or spyware. This allows them to gain access to your bank accounts, email, social media accounts, and any other site you log into from your device and can lead to a loss of money and identity fraud.

Sometimes, we can spot and stop a fraud scam before a member loses money. Unfortunately, this is not always the case. Preventing fraud is an important responsibility we all share. SCU strongly recommends that members remain vigilant and learn to protect themselves from falling victim to fraud. If in doubt, call SCU at 1.800.728.6440.

*Interac e-Transfer*<sup>®</sup> is a registered trademark and the *Interac* logo is a trademark of Interac Corp. Used under licence.

## Beneficiary review

Often, this is the time of year when people re-evaluate their investments, which also makes it a good time to review designated beneficiaries.

**Caution:** Your designation of beneficiary by means of a designation form will not be revoked or changed automatically by any future marriage or divorce. Should you wish to change your beneficiary in the event of a future marriage or divorce, you will have to do so by means of a new designation.

Call us today at **1.800.728.6440** if you have any questions, or visit any SCU branch to make changes.

# Now may be a good time to...

At the end of one year and the beginning of the next is a great time to review your investments and start preparing for the year ahead.



- **Review your estate plan**, your will, and your power of attorney (POA).
- **Review the designated beneficiaries** on your Registered Products.
- **Turning 71 IN 2024?** If you haven't already, consider speaking with your wealth advisor to create a timeline for the transfer of RRSPs to RRIFs.
- **Review your 2022 notice of assessment** to confirm your contribution room in your RRSPs.
- **Review your monthly budget** prior to the new year and automate your savings.
- **Contribute or top off your TFSAs** for the 2023 year.
- **Use up any expiring health** plan benefits.
- **Book an appointment** with a wealth advisor to review or re-evaluate your goals to ensure you're on track to meet them.

## HOT TIP

If you're planning to withdraw funds from your TFSA before the end of the first quarter of 2024, consider withdrawing the funds before the end of 2023. This way, the withdrawal amount can be added back to your TFSA contribution limit room for 2024.

## SCU Board of Directors



**Maria Reimer**  
Board Chair



**Bruce Penner**  
1st Vice-Chair



**Chris Goertzen**  
2nd Vice-Chair



**Doris Martens**  
Director



**Jeremy Hildebrand**  
Director



**Jayson Barkman**  
Director



**Bonnie Goertzen**  
Director



**Kris Plett**  
Director



**Matt Kehler**  
Director

Get the latest on SCU news, products, services, and market insights by signing up at [scu.mb.ca](https://scu.mb.ca).



EXPLORE THE POSSIBILITIES™

*All information in this newsletter is subject to change without notice and is not binding on decisions made by SCU.*