

Insights & Advice

2022 FALL/WINTER EDITION



 SCU



Message from the CEO

The days are getting shorter, the evenings cooler, and with a blink of an eye, the leaves have turned to red and gold. A definite signal that fall is here, and another season has come and gone. We've come to expect these cyclical changes and even plan for them in advance. We enjoy the regularity and rituals of seasonal change. But what happens when we can't predict change, can we still prepare for it?

We could say the Bank of Canada has been predictable in following their schedule of planned policy interest rate increases. Since January, to slow the rate of inflation, the Bank of Canada has raised the rate six times, with a seventh scheduled for early December. Consumers continue to feel the impact of rising prices as they fill their cars, put dinner on the table, and purchase household products. Worker shortages, production backlogs, and logistical issues continue to impact the global supply chain, keeping costs high for everyday consumer items.

These days, we're all looking for ways to adjust our spending, get more for our dollar, and to do more with our money. For our part, we continue to support our members through competitive rates, flexible product and service options, and the expert guidance you need to navigate the road ahead—particularly in times of change.

In this issue we explore ways to maximize your savings with flexible GICs, evaluate your financial fitness with a visit to an SCU wealth advisor and introduce, Advice from an Expert, a new regular feature.

Last, but certainly not least—moving forward, you will begin seeing our new tagline, Explore the Possibilities in our materials and accompanying our logo. We believe that our members want to understand all their options, be in control of their future, and have the freedom to pursue their dreams—on their terms. We're here to help you explore the possibilities with tailored solutions and trusted advice to help on your journey of saving and spending wisely.

Here's what's happening at SCU

AGM IS ON MARCH 14

You're invited to our **in person Annual General Meeting (AGM) on March 14**. Join us in person at Emmanuel Evangelical Free Church in Steinbach for updates on our 2022 year. We will be sending more details in January, so stay tuned!

JOIN US FOR THE WINNIPEG RENOVATION SHOW

Looking for inspiration for your next home renovation? **Visit the Winnipeg Renovation Show between January 13–15** to check out interactive displays, talk to industry experts, and attend helpful presentations. Keep an eye out for the SCU booth at the event! Come talk to us at the SCU booth and explore the possibilities.

INSIGHTS & ADVICE: TIPS FROM AN EXPERT

Join us online every second Wednesday of the month to hear about a variety of topics, including estate planning, business finance, and tax planning. Visit our website to view the full event calendar and sign up to attend.

A NEW LOOK FOR OUR SCU WEBSITE

We're working on refreshing our website, scu.mb.ca, to provide a better member experience and help you find the information you need even faster (note, digital banking is not changing). We'll provide more details closer to our launch, so stay tuned!

Explore all of our events at scu.mb.ca/events.

Your guide to GICs

What they are, how they work, and how to make the most of your investment

A Guaranteed Investment Certificate (GIC) is a low-risk investment that typically provides a guaranteed rate of return over a fixed period. GICs are a safe and reliable way to grow your wealth over time as they guarantee your initial investment, and are a perfect choice if you're saving for a specific goal that's a year away or more. Here's how they work at SCU.

Features to consider when choosing a GIC



Minimum investments

At SCU, our GICs require a minimum balance of \$500 and are non-redeemable.



Payment periods

Interest on your GIC may be paid annually, or on the maturity date (depending on the GIC type).



Deposit protection

At SCU, all deposits are 100% guaranteed by the Deposit Guarantee Corporation of Manitoba.*

available until your GIC matures, it's also wise to keep some cash savings readily available (within a variable savings account, for example) to help you manage the unexpected.

Look for tax efficiency

There are tax advantages that come with putting your GIC in a Tax-Free Savings Account (TFSA) or in a Registered Retirement Savings Plan (RRSP). With a TFSA, all investment growth within a TFSA is tax-free, regardless of when or how much you withdraw. Alternatively, RRSPs are tax deferred, meaning you don't pay taxes until you withdraw from your RRSP, which may reduce the taxable income you owe.

A few GIC types available to you at SCU

Standard GICs: Choose from 1-to 5-year terms and earn a guaranteed rate of return. In addition, we offer tiered pricing, starting at \$100,000.

U.S. Dollar GICs: Rather than leaving funds in a low-interest U.S. chequing account, a U.S. Dollar GIC can help you earn a few extra dollars for your next getaway.

Index-Linked GICs: Index-linked GICs allow you to participate in the stock market while protecting your principal investment. Our Index-linked GICs offer unlimited earning potential, with no caps or limits on returns.

How to maximize returns in your GIC

Save in a longer term

Typically with a GIC, the longer the term, the higher the interest rate. Consider the longest term possible given the timing of your savings goal. Because funds are not

Consider deposit laddering

Deposit laddering is an investment strategy that will help you maximize your returns while offering the liquidity to tap into those funds on an annual basis. The concept is simple — divide your total investment dollars by five and deposit these smaller amounts into one- to five-year GICs. As each term matures, lock in for an additional five years. This way, you'll have a GIC that matures every year, giving you the option to access some of the money, reinvest what you have, or even add more funds to the maturing GIC.

Explore options at maturity

When your GIC is about to mature, you can choose to roll the funds into a new term (interest and all) or have the GIC funds set to be added to another savings vehicle of your choice.

Interested in opening a GIC at SCU? Visit scu.mb.ca/gics to explore your options.

*Includes all savings and chequing accounts, RRSPs, RRIFFs, TFSAs, and GICs.

Advice from an Expert: Your retirement questions, answered.

We asked Chan Huynh, Senior Wealth Advisor at SCU and Credential Securities, about common retirement questions members have, and the best ways to save for the future. Here's what he had to say:

With the recent market downturns, my portfolio has decreased. What should I do?

The normal ups and downs of the markets can trigger fear, which cause people to do the opposite of the basic formula for success: Buy low, sell high. There will always be reasons not to invest, or to pull your investments. But history shows that market downturns are temporary — you have to be patient and willing to ride the waves.

That said, market changes may mean you need to adjust your portfolio depending on your financial plan and life stage, which is where we come in. If you're considering making any changes to your investment plan, a wealth advisor can talk through your concerns, look at your current plan, and work with you to make any adjustments.

Is now a good time to put my retirement savings in GICs?

This is a topic that comes up often in my meetings with members, as the recent rate increases have made them a far more attractive investment. This is especially true for conservative investors, or those close to retirement. Some investors may be tempted to wait for rates to continue increasing before locking in. But with the large difference in variable and fixed rates, you also need to look at what it's costing you to hold off. Sure, you might get a slightly higher rate later — but by waiting, you've lost months where you could have been earning almost double on your savings.

Should I look into getting my Canada Pension Plan (CPP) early?

This really depends on your individual financial situation. When planning with members, I look at factors including what you're holding in registered accounts, how soon you want to retire, health considerations, and whether or not it's beneficial for you to pension split with your spouse. That's why, at the end of the day, you need to sit down with a wealth advisor and look at all the factors surrounding this decision.

Everyone's saving situation is unique—and there are many strategies that work for different circumstances. We encourage you to seek personalized advice from qualified professionals regarding your unique savings needs and goals.

GICs require a minimum contribution of \$500. If you choose a GIC for your TFSA, and are making regular contributions, first save in a variable TFSA until you have the minimum \$500 contribution needed for a GIC.

Mutual funds, other securities and securities related financial planning services are offered through Credential Securities, a division of Credential Qtrade Securities Inc. Credential Securities is a registered mark owned by Aviso Wealth Inc. Unless otherwise stated, mutual funds, other securities and cash balances are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer that insures deposits in credit unions. The information contained in this newsletter is provided as a general source of information and should not be considered personal tax advice, investment advice or solicitation to buy or sell any mutual funds and other securities.

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.

Fraud Files

SPOT THE RED FLAGS

Fraud files: An instant connection

It's one thing to hear about common scams — it's another to recognize it when it happens to you. To help you spot the warning signs of fraud, we share real-life stories of the types of scams we encounter every day. To protect the identities of those involved, names and details of this story have been changed.

WHAT HAPPENED

Leticia never expected to find love online. She certainly wasn't looking for it. And it came from the most unlikely of connections.

Leticia's late husband had passed away three years before, and she commemorated his birthday each year with a short tribute on Facebook. After posting this year's tribute, she received a direct message from a man named Michael. Michael explained that he had gone to university with Leticia's late husband, but because he had been overseas in the military for the past few years, he only received the news recently. Leticia hadn't heard of Michael, but they had several mutual friends on Facebook, and he shared plenty of stories from their university days. Leticia never intended to begin an online relationship, but things seemed to progress so naturally, the pair decided to give things a try.

Up until this point, Leticia and Michael had talked mainly through Facebook Messenger, and a few times over the phone. But Leticia was ready to meet him in person, and started making plans to travel to his hometown in Ontario.

That's when Michael got the bad news. He had just received word that he was being deployed for another tour of duty, and was leaving in the next few days. Travel plans had to be put on hold.

The next few months were a blur for Leticia. Communication became scarce, and she worried for Michael's safety. Michael was also running into problems accessing his money overseas, and asked for Leticia's help. She trusted that he would repay her when he finished his tour, so Leticia started sending cash. At first, the sums were small enough that Leticia was able to withdraw at an ATM, but

a sudden emergency at Michael's base caused him to need \$12,000. Leticia was reluctant, but how could she refuse help to a man who was putting his life on the line to serve his country?

WHAT HAPPENS ON OUR SIDE

When Leticia headed over to the nearest SCU branch and requested the withdrawal, the teller had a few questions about her story, and called an SCU compliance officer for a second opinion. After asking more questions, they explained to Leticia that they suspected she was a victim of a romance scam.

As a financial institution, we require our frontline staff to look out for unusual transactions, and recognize the warning signs of fraud. Although Leticia had unfortunately already sent a few thousand dollars to Michael, the teller and compliance officer were able to catch the fraud before she sent the \$12,000 cash deposit. The compliance officer encouraged Leticia to report the incident to the Canadian Anti-Fraud Centre (CAFC), an organization that works to train people on how to recognize and report fraud. In addition, the compliance officer pointed out that scammers are likely targeting more than one person at a time, and encouraged Leticia to report Michael's fraudulent profile to Facebook administrators.

Key takeaway: When it comes to online relationships, pay attention to anything that doesn't make sense. If anyone asks for funds, reach out to a trusted friend, or contact us for a second opinion.

Education is key to fraud prevention. Visit scu.mb.ca/fraudprevention to learn more about how to spot the warning signs of fraud.



Explore the possibilities

Take the next step on your financial journey.

[SCU.MB.CA/EXPLORING](https://scu.mb.ca/exploring)

The financial checkup: When to meet with a wealth advisor.

As your doctor will tell you, regular checkups are a chance to look over your medical history, talk about how you're feeling, and see if there are any health conditions that need to be addressed. Your wealth advisor will also tell you the same principle applies to your finances.

No matter your stage of life, financial checkups allow you to sit down with a wealth advisor, take a look at your financial goals, and evaluate your progress. "Our role is to help you set your target outcome, then create a plan accordingly," says Manish Kaushal, Associate Vice President of Wealth and Steinbach Retail at SCU and Investment Specialist with Credential Asset Management Inc.

Kaushal says you inevitably make assumptions in the planning process that need to be reviewed each year to make sure they're still relevant and current. For instance, market fluctuations will impact your portfolio over time, as has been the case with the recent market downturns. You may also need to adjust your plan based on assumptions such as inflation and changes to taxation. A good exercise is to "stress test" your retirement plan by calculating your budget to make sure your income will actually cover your retirement expenses.

"These changes are just the nature of investing. Everyone needs to check in on their financial health from time to time," says Kaushal.

So how often should you book an appointment? According to Kaushal, it depends on the person. In the same way that a doctor will schedule checkups based on your physical health, a wealth advisor will help you customize your schedule based on your needs and comfort level. For instance, if you're going through a significant life event, such as marriage, a major job change, or retirement, it's a good time to book a meeting. Your wealth advisor's goal is to get to know you personally and help you find a tailored solution.

"Everyone needs to check in on their financial health from time to time."

"This process is all about relationships. You want to find an advisor who will ask questions and understand your habits," Kaushal says.

Your wealth advisor's goal is to get to know you personally and help you find a tailored solution.

If there's one thing Kaushal can recommend to investors, it's to write down your plan when you meet with your advisor. Dreaming of renovating your kitchen? Write down the total project cost, and how much you need to set aside per month. Plan to retire by a certain age? Take a look at your budget and figure out how much you'll need to set aside to maintain your lifestyle once you retire. Although you'll need to make adjustments as you move along your journey, modifying your plan is better than not having a plan at all.

Of course, checkups with a wealth advisor don't replace your own financial reviews. It takes regular monitoring to make sure you're living within your monthly budget, putting enough money into savings, and taking any other steps you wrote down with your wealth advisor.

"At the end of the day, we're here to help you plan your financial goals and offer advice for you to make better day-to-day decisions," Kaushal says. "Meeting with a wealth advisor — and having a solid plan — brings peace of mind."

Mutual funds are offered through Credential Asset Management Inc.

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