

# Insights & Advice

2023 SPRING/SUMMER EDITION





## Message from the CEO

Ahh spring—a time of renewal, growth, and transformation. A season to plant seeds, explore the possibilities, and plan for the road ahead.

For the moment, the Bank of Canada is holding the policy interest rate but seems prepared to increase it if inflation begins to rise again. We've seen rising interest rates slow down inflation—a result of the same global factors that pushed inflation up. SCU continues to provide competitive deposit and lending rates accompanied by trusted advice and guidance, so you can do more with your money.

Recently, we renamed our Regular Savings Account to High Interest Savings Account (HISA) to better showcase the benefits of the account. All members—whether consumer, business, charity, or community—can save more, right from dollar one.

You may have seen recent headlines about the collapse of two U.S. banks due to insolvency. Fortunately, SCU members can save with confidence knowing their money is safe and secure. All deposits are guaranteed 100% by the Deposit Guarantee Corporation of Manitoba. SCU remains resilient and strong, while continuing to grow. At the Annual General Meeting held in March, the Board of Directors announced a \$10 million cash back Member Bonus. This is a testament to our strength and stability. We truly believe that success is better when it's shared. You can read more about our Member Bonus in the AGM highlights on the back page.

And speaking of savings, first time home buyers will soon be able to get a jump start on their down payment with the Government of Canada's new tax-free First Home Savings Account (FHSA). Learn more about the FHSA program in this issue, and on our website as we continue to prepare for the launch.

In this issue, we explore saving strategies, look beyond the rates when mortgage shopping, provide an FHSA primer, hear how SCU can be good business for small business, dive into another issue of the Fraud Files, and get all the news from our recent AGM.

## Here's what's happening at SCU

### IT PAYS TO BE A MEMBER: \$10 MILLION CASH BONUS

This year, we have shown that it pays to be a member by sharing a \$10 million cash bonus. Read our back page to learn more.

### NON-REGISTERED INVESTING | BUILDING WEALTH BEYOND RRSPS

This virtual webinar will be held on May 10 from noon to one. Registration is required.

### COMMUTING A PENSION PLAN | DECIDING WHY, WHEN, AND HOW

This virtual webinar will be held on June 8 from noon to one. Registration is required.

### PANCAKE BREAKFAST

Who's hungry? Join us on June 16 for a free pancake breakfast as a kickoff to Summer in the City in Steinbach.

### ASSINIBOINE PARK ZOO DINOSAURS UNCOVERED

This summer, SCU is sponsoring Dinosaurs Uncovered, an exciting and interactive dinosaur experience at the Zoo.

### TASTE OF SUMMER CHARITY BBQ

Join us at our Steinbach branch each Wednesday in July and August for a BBQ lunch to support local charities around Southeastern Manitoba.

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

## HISA and GIC: a great savings combo

Individually, High Interest Savings Accounts (HISA) and Guaranteed Investment Certificates (GICs) are great options for achieving your saving goals. And, when combined, these products pack a real one-two punch for those who want to put aside money for everyday needs and those longer-term savings and investment goals.

### Key features of a HISA

1. **No minimum balance:** Earn competitive interest on every dollar, with no hidden minimum monthly balance requirements.
2. **Freedom:** Your money, your terms. Enjoy the flexibility to deposit or withdraw funds whenever you need.
3. **No rate gimmicks:** We don't offer introductory rates that expire after a few months — we offer high interest, variable rates, right from dollar one. Plus, you can maximize your savings with tiered interest rates starting with deposits of \$100k.
4. **Free deposits:** Add to your savings at any time without paying a fee.

### Key features of a GIC

1. **Guaranteed investment:** GICs are a low-risk investment that provide a guaranteed rate of return over a fixed period.
2. **Grow your savings:** GICs are a reliable way to grow your savings over time and a perfect choice if you're saving for a specific goal that's a year or more away.
3. **Choose your product:** Hold your GIC in a variety of saving vehicles, like RRSPs, TFSAs, and others.
4. **Index-linked GICs:** A safe way to participate in the stock market that pays interest at the end of the term and guarantees your principal.

## Advice from an Expert

We asked expert Lisa Armstrong, Member Financial Relationship Advisor (MFRA), for advice on using HISAs and GICs to reach short- and long-term saving goals. Here's what she said.

A laddering strategy is a great saving option. Start by dividing the total amount you have to invest into five GICs with different terms so that the maturity dates are spread out.

For example, if you start with \$10,000 to invest, you could deposit \$2,000 into a 12-month, 24-month, 36-month,

48-month, and 60-month GIC. This would allow you to have \$2,000 of principal deposits maturing every year for five years.

### Create more flexibility in your savings by using GICs and HISAs together.

As your GIC matures, you can either re-invest the funds into another GIC or, if you need access to your money in the short term, transfer it to a HISA. However, if you have more than 12 months before you need to access any funds, renewing into a GIC would provide you with a higher rate of return on your investment.

.....  
For more information on how you can save, contact SCU to set up an appointment with with a deposit specialist.

## Look beyond the rates to find your ideal mortgage

Many people focus on getting the lowest rate when looking for a mortgage, but there are other features and advantages to consider that could benefit you financially in the long run.

- Mortgage preapproval and interest rate guarantees:** preapproval means you can shop with confidence knowing how much you can afford. Our rate guarantee provides peace of mind knowing you can find the perfect home without worrying about changing interest rates.
  - Mortgage frequency:** shave years off your mortgage by choosing a payment frequency that suits your cash flow and budget. Select from monthly, semi-monthly, bi-weekly, or weekly payment options including one that coincides with your payroll schedule. Explore the possibilities on how payment frequency can affect your mortgage payoff by using the Mortgage Calculators at: [scu.mb.ca/tools-calculators](https://scu.mb.ca/tools-calculators).
  - Prepayments:** Get ahead when you can by making extra payments on your mortgage that will help you build equity and pay off your mortgage sooner.
  - Quality advice:** consider the reputation of your lender. We're mortgage experts with over 80 years' experience providing members with trusted advice and guidance on their journey to save and spend wisely.
  - Custom mortgages:** Whether you want to build, buy, or renovate your home, it starts with a mortgage tailored to fit your needs and lifestyle. At SCU, we provide members with the best options and let them choose.
- .....
- Contact SCU to set up an appointment with a lending specialist to discuss your mortgage options.

## Supporting community development, one business at a time

We spoke with Desmond Sweeney, co-owner of Macanta Design Build, a residential design build business that specializes in custom-built new homes, additions, and major renovations, about how their relationship with SCU has played a role in the growth of their business.

### Tell us more about Macanta and the success you've experienced.

I believe that the secret to our success is our process and our people. First off, we heavily plan before we execute anything, and this together with our people, are core to our success. It starts when someone comes to us with a need, whether it's to build their dream home or that renovation they've long imagined.

### Tell us about your relationship with SCU?

It began before we started the business when I opened a US dollar account. I didn't know at the time there was a difference between financial institutions, but as I continued to work with SCU I saw there was a massive difference between them and the big banks. SCU really seemed to care.

We're small potatoes in the big picture, but I was never treated as a small potato. Anytime I would call to ask questions I would get great answers.

### What role has SCU played in Macanta's success?

Whether it's navigating the intricacies of builder mortgages and payment schedules or figuring out how to finance the gap between when a bank will pay out versus when our subcontractors need to be paid, SCU has been there. Our relationship with SCU has been instrumental in the growth and success of Macanta. They've provided expert advice whenever we need it. Oftentimes we don't know what we don't know, and it's really helpful to have somebody at the other end of the phone who picks up and is willing and able to provide expertise whenever we need it.

### Why would you recommend SCU?

Ultimately, it's about trust. SCU are there to help on a personal level and there's definitely something to be said about the family feeling. I've worked with SCU long enough to know that they are there for me when I need them.

## Fraud Files

SPOT THE RED FLAGS

## Fraud files: A close call for help

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

### WHAT HAPPENED

Sam has a wide social circle so, when he received a random WhatsApp message from someone named Jen, he wasn't sure if he knew her or if she'd sent the message accidentally.

After a bit of friendly messaging, Sam learned that Jen was a Sergeant who travelled to a foreign country to help build an orphanage. Sam was interested in the work Jen was doing, and the two chatted through WhatsApp for several days. Near the end of the week, Jen mentioned they had to raise \$25,000 by the following week to continue building the orphanage. Wanting to help, Sam offered to send Jen the money.

That Friday afternoon, Sam came into SCU to request a \$25,000 wire transfer.

### THE SCAM

When Sam explained his request to the Member Service Representative (MSR), she immediately noted a few red flags:

- Contact:** Sam mentioned he met Sergeant Jen through WhatsApp and they'd been communicating a lot over the past several days. The MSR found it odd that Sam wanted to send a large amount of money to someone he had never met.
- Military rank:** Sam only referred to Jen by her military rank. The MSR recognized this as a sign of fraud, as she'd heard of scams involving a similar story.
- Timing:** Asking for a wire transfer at the end of the day on a Friday is a common tactic used by scammers. It allows them to move the money over the weekend before anyone realizes it was fraud.

While there are no shortages of channels available to help us connect with others online, it's important to pay

attention and ask a lot of questions. You can do a Google search for the person's name, search the number they are using, and do a reverse image search with any photos they send you. If you include the word 'scam' in your search, you'll see any results that indicate their past involvement in known fraud. These simple steps can save you from falling into their trap.

### WHAT HAPPENS ON OUR SIDE

The MSR escalated it to their manager for further review. The MSR manager had a private conversation with Sam so she could advise him of SCU's concerns. Sam wasn't convinced this was fraud, but the manager explained SCU would freeze the transaction to protect his money while they continued to investigate.

On Monday morning, the MSR manager contacted Sam to let him know they confirmed this was fraud. Sam took a few days to think about it before coming into the branch to cancel the wire transfer.

.....

**Key takeaway:** Scammers might try to build a relationship with you before asking for money. Once you send funds, you have no way of contacting them again. Sometimes, we can help spot and stop a fraud scam before a member loses money. Unfortunately, this is not always the case. Preventing fraud is an responsibility we all share. SCU recommends that members remain vigilant and learn to protect themselves online. If in doubt, call SCU at **1.800.728.6440**.

### Does this story sound familiar?

If this has happened to you, or someone you know, here's how you can report it: [scu.mb.ca/fraudprevention/reportfraud](https://scu.mb.ca/fraudprevention/reportfraud)

**Enjoy life today, and we'll help you save for tomorrow.**



TALK TO US TODAY TO SEE HOW MUCH MORE YOU CAN SAVE.  
[SCU.MB.CA/SAVINGS](https://scu.mb.ca/savings)

**Live life and save for it**

## First Home Savings Account (FHSA)

An FHSA is a registered savings account that allows prospective first-time home buyers to save up to \$40,000 that can be used toward the purchase of a home. Contributions made to the FHSA are tax-deductible and withdrawals used to purchase a first home, including the investment income, are non-taxable.

### WHO QUALIFIES FOR AN FHSA?

To open an FHSA, a member must be a resident of Canada, at least 18 years of age, and a first-time home buyer.

A first-time home buyer is defined as an individual who has not owned a home in which they lived at any time during the calendar year prior to opening the account, or at any time during the preceding four calendar years.

### IS THERE A CONTRIBUTION LIMIT?

Annual contributions are capped at \$8,000 with a lifetime contribution limit of \$40,000.

Unused contribution room from one year can be carried forward to the next year. So, for example, if an individual contributed \$2,000 one year, they could carry an additional \$6,000 into the next year, making their annual contribution limit a total of \$14,000 that year.

### HOW DOES THE FHSA WORK, EXACTLY?

You can have an FHSA for a maximum of 15 years, or until you turn 71 years old, whichever comes first. The account can remain open during that time, or until the end of the year following a qualifying withdrawal for the purchase of your first home.

### To make a qualifying withdrawal, you must:

- be a resident of Canada purchasing your first home
- have a written agreement to buy or build a home in Canada before October 1 of the year following the withdrawal
- occupy that home as your principal place of residence within one year of purchase or building

Any savings you don't use to purchase or build your first home can be transferred to a Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF). Funds will be subject to tax upon withdrawal from those accounts, according to the applicable rules. If you choose to withdraw unused savings from the FHSA, those funds would be subject to taxes at the time of withdrawal.

**Interested in learning more?** The FHSA is expected to launch in spring of 2023.

Visit [scu.mb.ca/fhsa](https://scu.mb.ca/fhsa) to learn more.

	FHSA	TFSA	RRSP
<b>Who qualifies for the account</b>	<ul style="list-style-type: none"> <li>• a resident of Canada</li> <li>• at least 18 years of age</li> <li>• a first-time home buyer</li> </ul>	<ul style="list-style-type: none"> <li>• a resident of Canada</li> <li>• at least 18 years of age</li> <li>• holds a valid Canadian social insurance number</li> </ul>	<ul style="list-style-type: none"> <li>• a resident of Canada</li> <li>• has earned income and filed tax returns</li> <li>• is under the age of 71</li> <li>• holds a valid Canadian social insurance number</li> </ul>
<b>Are contributions tax-deductible?</b>	Yes	No	Yes
<b>Are withdrawals tax free?</b>	Yes	Yes	No
<b>Is there a maximum contribution limit?</b>	\$8k per year to a maximum of \$40k	Limits set by Canada Revenue Agency	Listed in your most recent Notice of Assessment from Canada Revenue Agency

*\*rules, conditions, and contribution limits are subject to change by the CRA without notice.*

# AGM highlights

For the first time in two years, the Annual General Meeting was held in person on March 14, 2023. Members joined us to hear a review of the 2022 annual report, this year's election results, and messages from the CEO and Board Chair. And, of course, there was also music, prizes, and refreshments.

Maria Reimer, Board Chair, was thrilled to announce SCU's 2023 member bonus — \$10 million in cash! The member bonus was deposited directly to all qualifying accounts by March 17. The breakdown of this allocation was 55% to deposit holders and 45% to credit holders. That equates to an additional 4.22% on deposit interest already received and 1.75% on loan interest already paid.

The bonus was calculated on interest earned, and paid, on qualifying products in the 2022 year. Eligible products include: Consumer, Commercial, Agriculture, and Charity and Community accounts, with the exceptions being RDSP, RESP, AgrilInvest, lawyer and realtor trust accounts, unauthorized overdrafts, and temporary overdrafts.

Members re-elected Jayson Barkman and Jeremy Hildebrand for another term, and newly elected Matt Kehler to the board. The Board of Directors has named Maria Reimer as Board Chair, Bruce Penner as 1st Vice-Chair, and Chris Goertzen as 2nd Vice-Chair.

## 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.*