

Insights & Advice

2021 FALL/WINTER EDITION





Message from the CEO

Even under normal circumstances, it is very hard to predict what the future will bring. During unprecedented times like this, it is impossible. A year and a half ago, we couldn't have imagined we would still be battling our way through this pandemic. Although things have not returned to normal, throughout the pandemic our number one goal has been to provide a safe environment for our members while helping them along their financial journey.

Recently, we have seen signs that interest rates may start to go up. We can't be certain if they will rise, stay the same, or decrease again. With the uncertainty of when this pandemic will end, there is no telling what the economic forecast is for the next year or two. Together, we can beat this virus and get back to normal.

While some things remain uncertain, one thing we can confidently predict is that digital is the future. Digital banking will continue to impact the competitive landscape of financial institutions, and we expect to see Payments Canada modernize payments, allowing you to process transactions in real time. Open banking is also on the horizon. This technology will offer more flexibility in sharing banking data and allow you to see a complete picture of all your financial data. As open banking progresses, our priority is to continue finding ways to improve our digital offering for our members.

Finally, I want to remind you that as technology develops, so does cybercrime. Protecting your information is our top priority, and the first step is to provide you with the education and resources you need to recognize and stop fraud. You can learn more by visiting our fraud prevention centre at scu.mb.ca/fraudprevention.

All the best,
Glenn Friesen, CEO

Here's what's happening at SCU



AGM IS ON MARCH 15

You're invited to our virtual Annual General Meeting (AGM) on Tuesday, March 15. Join us for updates on the 2021 year. We will be sending more details in January, so stay tuned!



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.



SHARE THE LIGHT

Share the Light is back for another year! Starting in mid-November, we'll be running a contest to award two charities a \$3,500 prize. In the meantime, start thinking about all of the charities working in our communities, and get ready to make a nomination!

Best practices for diversifying your portfolio

If asked to describe a healthy portfolio, Manish Kaushal, Associate Vice President Wealth & Steinbach Retail and Mutual Funds Investment Specialist at Credential Asset Management Inc.*, likes to compare it to gardening.

"You could plant only one type of flower," he says, "but the whole garden could be entirely wiped out by a single pest." A better approach? Add a variety of plants that have different growth periods, appearances, and types of resilience.

The same holds true for building your portfolio, especially during periods of volatility. A healthy and diverse portfolio includes:

- A mix of stocks, bonds, and money market instruments
- Mutual funds that combine different types of securities with different investment styles like growth or value

- A mix of different industries, rather than focusing too much on a single sector (such as technology)
- Investments from a variety of geographic areas and currencies (international stocks)
- A combination of savings and investment products held as variable savings or GICs in RRSPs, TFSA's, or non-registered products

Ready to evaluate your own portfolio? Our wealth advisors can help you take the next step toward making the most of your investments. Get in touch by calling **1.800.728.6440**, or fill our contact form at scu.mb.ca/wealth/contact.

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Explore all of your credit card options at scu.mb.ca/creditcards.

Save up or pay down?

One of the most frequent questions to arise in personal finance is how to decide between saving money and paying down debt. The options seem equally important, and they are!

The first thing to do when deciding between debt repayment or saving is to look at the interest rate on your debt. In today's low interest rate market, you may be earning less interest on your deposits, but you have the opportunity to pay down debt faster with a lower lending rate.

"If you're paying higher rates, typically, you want to pay those off," said Nicole McAllister, Branch Manager of SCU's Lagimodiere location. High interest rates, such as those on credit cards, can keep you trapped in an expensive cycle of high minimum payments that mostly cover the interest, but don't do anything to reduce the principal. Once the balances are down to zero, do everything you can to keep them there — and put that money to work somewhere else.

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That's where the one-size-fits-all advice ends. Because apart from tackling high interest rates, the choice between saving and paying down debt depends on your

situation, your priorities, your goals, and the timelines you're working with. There's no doubt that young investors should begin contributing to long-term savings plans as early as possible to maximize the time their money spends in the market. However, the pandemic has served as a reminder that everyone can benefit from building their savings in order to prepare for the unexpected.

The answer lies in what's important to you. "This is a question we regularly ask our members," said McAllister. "In five years, are you going to be talking about how you're happy that you paid off your mortgage? Or will you be worried you haven't put away enough to retire?" It may be helpful to sit down with an advisor to organize your goals and priorities.

Still feeling unsure or overwhelmed? Take a deep breath and consider asking for help.

"Taking your unique factors into consideration, one of our advisors can walk you through your options and guide you through these decisions," said McAllister. "Contacting an advisor will help you build a plan to ensure you're on track to achieve your financial goals."

Beneficiary review

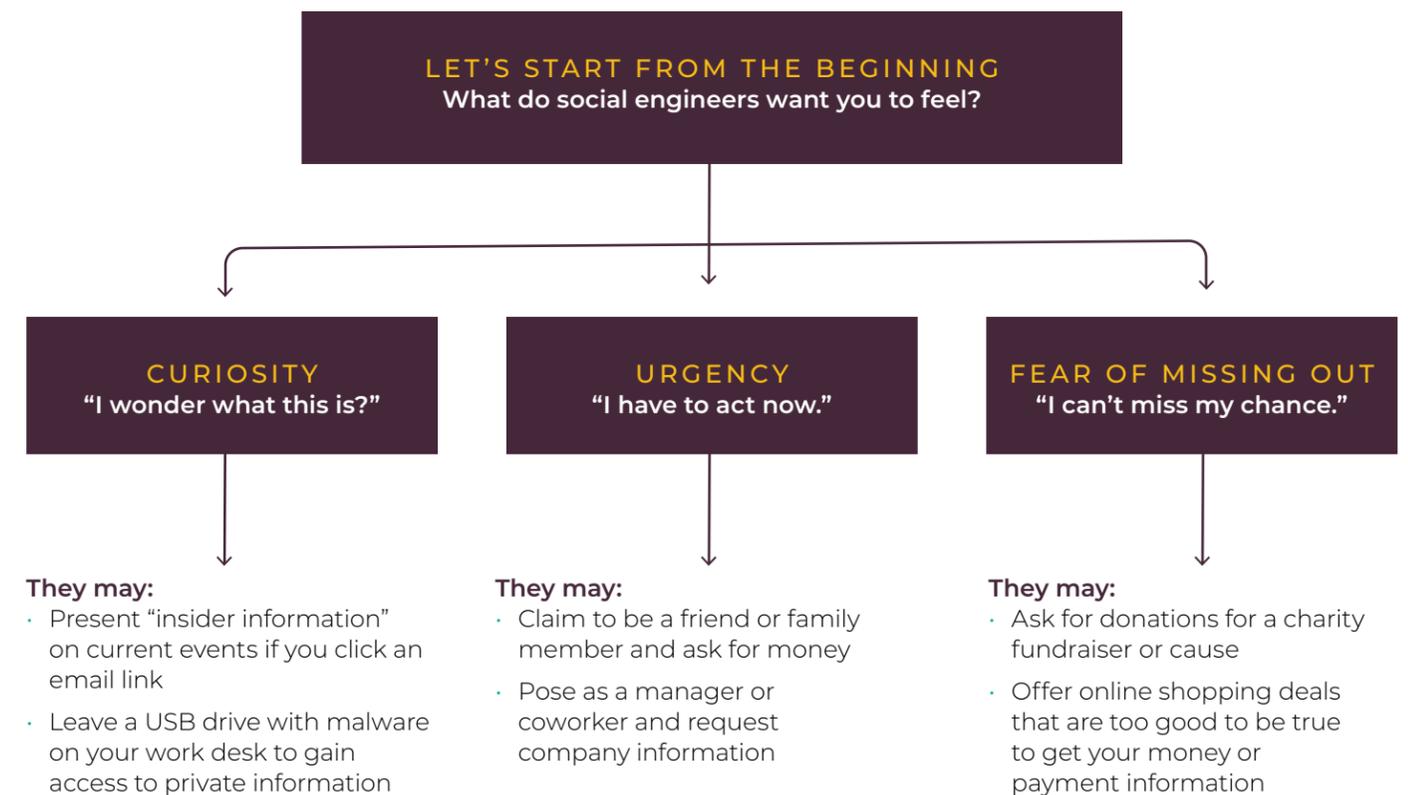
Often, this is the time of year when people re-evaluate their investments, which also makes it a good time to review designated beneficiaries.

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.

Social engineering: Fraud at work

Social engineering is when scammers manipulate people into giving confidential information or money. Whether by phone, email, text, or in person, social engineering can come in many forms. The more you know, the better you can protect yourself, your information, and your privacy.



WHAT CAN YOU DO TO PROTECT YOURSELF?

- Acknowledge that anyone can be a victim of social engineering — even you.
- Never give out personal or financial information.
- Reject requests for help from people you don't know, or responses to questions you never asked.
- Set your email spam filters to high, and don't click any links that seem too good to be true.
- When in doubt, get a second opinion. If you suspect fraudulent activity, call us at **1.800.728.6440**.
- Learn about common scams and how to prevent them at scu.mb.ca/fraudprevention/commonscams.

Build a secure financial future with RDSPs

What is an RDSP?

A Registered Disability Savings Plan (RDSP) is a government-supported savings plan that's like a pension plan for individuals living with a disability.

The government will boost your savings through the Canada Disability Savings Grant and the Canada Disability Savings Bond until the age of 49, but you can continue to contribute until you turn 59.

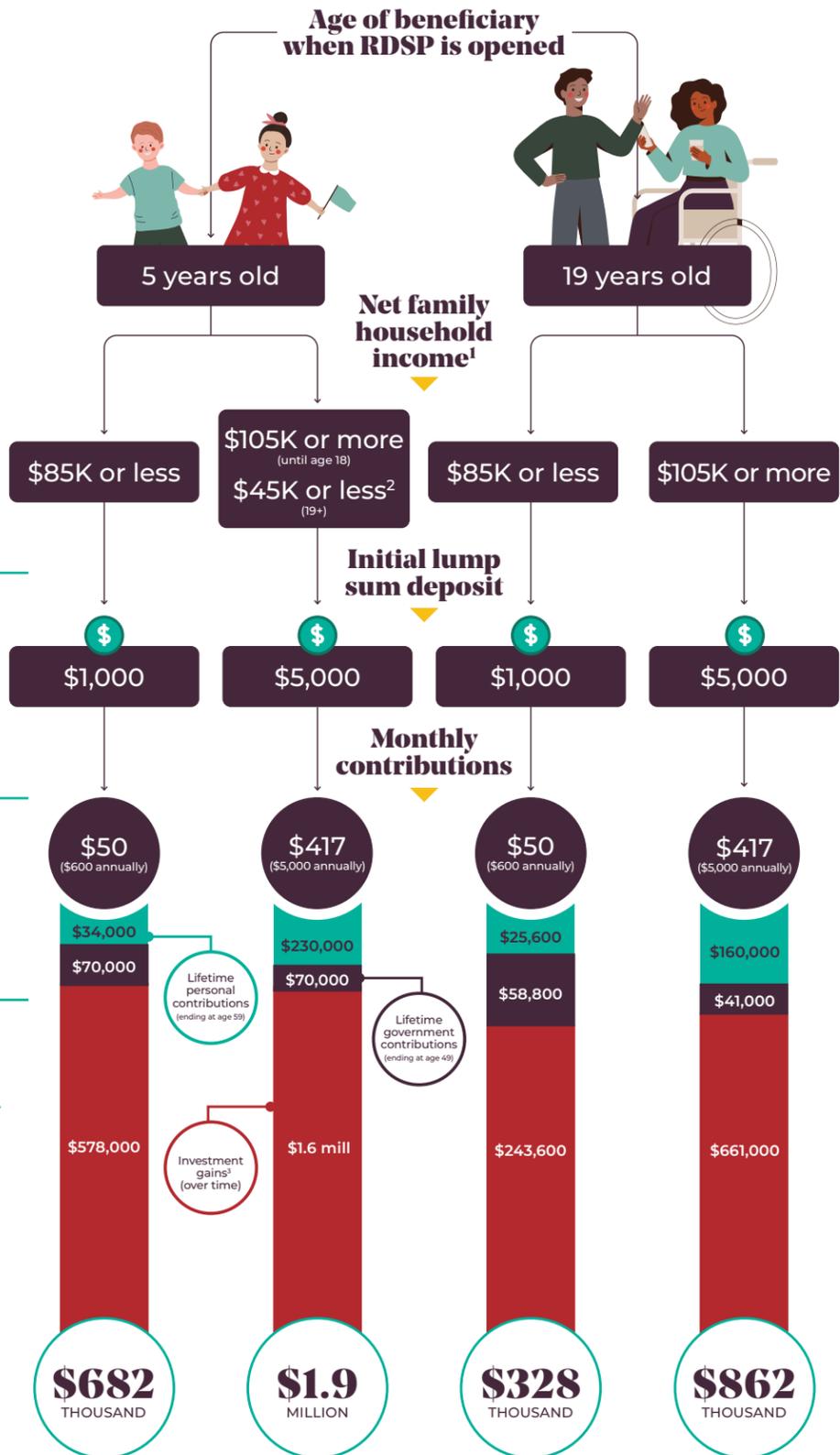
Our RDSPs are available in a variety of savings vehicles, including variable savings, GICs, and mutual funds*.

Did you know? Up until the age of 18, government grant and bond contributions are based on the income of the beneficiary's parents. At 19, these contributions switch to be based on the income of the beneficiary.

Did you know? There is no requirement to deposit a lump sum when you open an RDSP. Small, or large, or none at all, it's up to you!

Did you know? Whether you contribute a little or a lot, the earlier you open an RDSP, the longer time your investment has to grow.

Learn more about RDSPs, or run your own numbers, at scu.mb.ca/rdsp. To talk about opening an RDSP or for more information, call us **1.800.728.6440**.



See back for requirements and conditions

Deposit laddering: A smarter way to invest in GICs

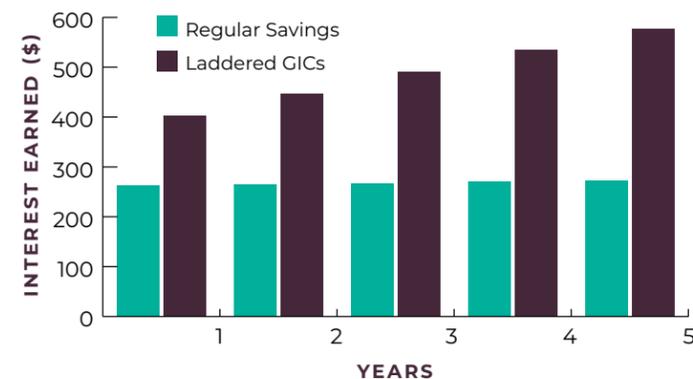
If you've looked into investing in a Guaranteed Investment Certificate (GIC), you'll know they're a low-risk investment option that usually offers a more competitive rate than a Regular Savings account. In order to capitalize on the best rate, you need to lock your money in for the long haul— typically five years. But is it beneficial to lock in funds in today's low interest rate market?

With a strategy called deposit laddering, it can be. Instead of waiting for interest rates to rise, deposit laddering allows you to enjoy the benefit of a higher rate while 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 one to five-year GICs that we offer. As each term matures, you can either choose to lock it in for another five years, or another term of your choice. That 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.

WHAT ARE THE BENEFITS OF THIS STRATEGY?

You'll earn more interest in the long run

With current interest rates, and assuming rates remain unchanged, there is an approximately 45% difference in return within five years between GIC laddering and investing the lump-sum in your variable savings. That's because when you consider the actual interest earned year-over-year the laddering strategy earns the average rate across all five terms. For example, based on the rates as of November 1, 2021, in the first year, your money will earn 1.40% interest compared to an average 1.00% rate for a variable savings account.



Money is still accessible when you need it

No one can predict the future. Your financial circumstances and savings goals will change over time, and you may need to access some of the funds in your GIC at some point. Deposit laddering keeps the ball in your court by giving you access to one fifth of your investments each year, without any penalties or costs. In addition, if you are living off the interest from your GIC portfolio, you can also structure cash flow to meet your specific needs.

You're not as affected by the ups and downs of the market

Deposit ladders minimize the impact of rate fluctuations, but also allow you to stay current with market trends. Variable savings accounts will fluctuate, and even if you hold a single GIC, you're limited to investing at whichever rate is offered when your investment matures. With deposit laddering, you don't need to guess where interest rates are going. If rates go up, you will always have money coming due every year to take advantage of the rising rates. If rates go down, you benefit by having money invested for a higher rate in a longer term.

“Deposit ladders minimize the impact of rate fluctuations, but also allow you to stay current with market trends.”

It's a low-risk, secured investment

GICs are low risk because they offer a locked-in rate that is solely dependent on the length of term that you've chosen. In addition, at SCU, all deposits are guaranteed 100% by the Deposit Guarantee Corporation of Manitoba***.

If you're looking for a low-risk investment strategy, deposit laddering is a great way to maximize your savings in a low interest market. 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/mysavings to discuss your next steps.

Ways to bank

Manage your day-to-day banking your way with easy and effortless banking options including:

In person: We offer all the expertise you need under one roof. Visit any one of our branches for knowledgeable, professional, and friendly service from our expert staff.

Online banking: Looking for a secure and convenient way to bank from home? With online banking, you can monitor your savings goals, manage payments, and make important transactions — all in one place.

SCU mobile app: Our mobile app gives you the freedom to manage your daily banking whenever, wherever. It's a secure and easy-to-use solution for your personal or business banking needs.

Mobile wallet: Make everyday purchases easy by adding your debit or credit card to your mobile wallet and paying with your phone.

Looking for more information? Visit scu.mb.ca/waystobank for all of our banking services.

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

RDSP REQUIREMENTS AND CONDITIONS WITH DETAILS:

¹Based on the Government of Canada's RDSP net family household income threshold for that year. Go to the federal government RDSP site to confirm the income threshold for the current year.

²Up to the age of 18, household income threshold is based on parent's income. At 19, household income becomes based on the earnings of the beneficiary.

³Assumes a moderate gain of 5% with no withdrawals before the age of 60. For illustrative purposes only. All figures have been rounded.

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