



# Christian Credit Union Ltd. **DIFFERENCE**

Fall 2002

## General Manager's Message: Changes to service fees

**Peter Lindhout**



*General Manager*

Enclosed with this issue of the Christian Credit Union Difference newsletter is a brochure outlining changes to service fees effective November 1, 2002. The Christian Credit Union has not revised service fees since June 1992 and since that time there have been significant increases in some transactional costs. Here are the guidelines we have used in determining our new service fees structure:

- 1) To provide members with quality service for reasonable fees.
- 2) To charge fees on a "user pay" basis as much as possible. The changes being made are intended to bring the service fee being paid for a particular service more in line with the actual cost to the Credit Union for providing the service.
- 3) To keep it simple.
- 4) To charge less than most other financial institutions, bearing in mind that there will always be individual products used as loss leaders by our competitors.
- 5) To provide financial incentives to use more efficient services instead of services which have higher costs to the Credit Union.
- 6) To encourage members to use Credit Union and Alberta Regional

Network Automated Teller Machines (includes Alberta Treasury Branch ATM's). Transactions at all other ATM's cost the Credit Union more and this increased cost will be passed on to members (\$1.50 per transaction) regardless of minimum balance.

- 7) To provide members with a package account that meets their needs based on volume of transactions and recognizes balances carried.

Please review the enclosed Service Fee Brochure carefully and consider the \$10 Service Plan if you have difficulty maintaining a minimum balance of \$1,000 in your bonus chequing account.

We have also modified the Fat Cat® and Headstart® programs to simplify the programs and reflect the increased student use of automated services such as the Internet and Interac® Direct Payment. Please refer to page 2 for the changes.

If any of these changes result in questions or concerns please contact myself or any of our staff. We appreciate your support of the Christian Credit Union.



Alberta Credit Union of the Year  
**2002**

## Bethel United Reformed Church dedicates building January 25, 2002

Using Genesis 28: 17 & 19 as a theme, Bethel United Reformed Church dedicated their new sanctuary on January 25, 2002. The Church had been renting the facilities of other churches since founding in 1992. To meet the growing needs of the church, a building committee was formed in 1999. 25,000 hours of volunteer hours later, a 20,000 sq. ft. facility was built complete with a 460-person sanctuary, a classroom and meeting wing, and a fellowship hall/gymnasium with a kitchen. Through members' deposits, the Christian Credit Union provided \$400,000 in financing.



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## Christian Credit Union and Rehoboth

Six individuals served by Rehoboth are now enjoying the newest group home, a side-by-side duplex in Calgary. The need for safe and affordable housing in the community of Calgary coupled with escalating rents and near zero vacancy rates prompted the move. The duplex was purchased for \$310,000 and the Christian Credit Union provided \$232,500 in financing. Rehoboth Christian Ministries is accepting designated gifts of any size to reduce the mortgage on the property. Rehoboth's mission is to "make room" for disabled individuals throughout the Province of Alberta by providing vocational, residential and support services.

Once again the Christian Credit Union was the title sponsor for the 12th Annual Christian Credit Union Rehoboth Golf Tournament held June 1, 2002 at the Stony Plain Golf Course. A sunny and beautiful day was enjoyed by a full slate of 160 golfers. Over \$25,000 was raised. Similar tournaments are held annually in Lethbridge and Calgary.

Members contributed \$205 in support of Rehoboth's Gull Lake Camp by participating in the Spring Seminar Series. Participants of two seminars (First Time Home buyer's and Retirement/Lifestyle Planning) registered via a \$5 seminar fee. This seminar fee was in turn donated to Rehoboth's Gull Lake Camp. The Spring Seminar Series, hosted by Jim Hummel, Certified Financial Planner, is a series of financial planning seminars designed to educate, inform and assist members in different financial matters surrounding major life events. Stay tuned for next year's seminars.



## Attention students and parents! Changes to Fat Cat® and Headstart® Programs!



**Fat Cat® & Headstart® accounts** are being changed to simplify the programs. Fat Cat® accounts are available to all students aged 6 to 12. The savings goal for both accounts is now \$1 per grade per month for the 10-month period they are in school. A \$.50

bonus will be paid to the student for each month the savings goal is met in addition to regular account interest and profit sharing. For example, if a student in grade 3 successfully contributes \$3 a month he will have accumulated \$30.00 by the end of the school year. This student will earn a \$5.00 bonus in addition to regular account interest and profit sharing. For students who attend the Christian Schools that participate in the matching program, the Christian Credit Union matches the bonus program and pays that amount to the school. In addition, the School also earns \$5 for each new account opened.



**Headstart® accounts** are being changed to reflect the increased student use of automated services such as the Internet and Interac® Direct Payment. Headstart accounts are available to all students aged 13 to 19. The free service charge level has increased from \$3 to \$5 a month. For example, in a month, a student will not incur service charges if she uses a Credit Union or Alberta Regional Network ATM (includes Alberta Treasury Branch ATM's) 3 times, Interac® Direct Payment 7 times and inquires over the Internet 3 times.

Watch for these changes in the revamped Fat Cat® and Headstart® brochures sent out with your School newsletter or pick up the brochure at the Credit Union.

## Banking enhancement - Transfer between members accounts online!



Internet banking just got easier! Now members who have financial relationships with other members, such as businesses, extended family members, etc. can transfer funds between accounts electronically. Previously, transfers were only permitted within the same account. In addition, the capability now exists to establish future and recurring transfers. Check out these features by visiting [www.cuanytime.com](http://www.cuanytime.com) or call our Member Service Representatives today at (780) 426-7165 or toll free, out of town, 1-877-426-0506.

# CONGRATULATIONS TO OUR SCHOLARSHIP WINNERS!



## J.A.J. VanGinhoven Scholarship winner Trudi Attema

Wilbur Woudstra, President of the Board of Directors, presented Trudi Attema with the J.A.J. VanGinhoven Scholarship at Edmonton Christian High School's graduation ceremony. Trudi was chosen for her spiritual maturity, community involvement and career goals. Trudi, a member of the Christian Credit Union since she was 5 years old, was involved in the Student Activities Council, the Chapel Worship Team, band, choir and drama at Edmonton Christian School. This fall, Trudi plans on attending Trinity Western University to become a registered nurse.

The \$500 scholarship is provided annually to an Edmonton Christian Schools graduate in honour of J.A.J. VanGinhoven, a strong supporter of Christian education and the General Manager of the Christian Credit Union from 1959-1987.



## Carolyn Vegter is awarded Parkland Immanuel Christian High School Scholarship

At Parkland's graduation ceremony in May, Carolyn Vegter was presented the Christian Credit Union Scholarship based on academic standing and future goals. Johannes Bosch, Secretary of the Board of Directors, presented the award. An avid sports enthusiast, Carolyn plans on entering the Honours in Mathematics program at the University of Alberta to obtain a Bachelor of Science degree in Mathematics.

## Fat Cat®/Headstart® Contest Winners

**Sarah Nicolai**, a grade 12 student at Edmonton Christian High had the closest guess of 799 jelly beans in the "Guess the Amount of Jellybeans" contest. The exact amount of the jellybeans was 806. Sarah indicated that she did not use any magical formula to come up with the closest number. For her efforts, Sarah won a \$100, 1-year term deposit which will help

pay for her studies at the King's University College. Runner-ups were **Kaitlyn Visser**, a grade 2 student at West Christian Elementary who guessed 779 and **Erin Vanderschaaf**, a grade 7 student at West Christian Junior High who guessed 762. Congratulations Sarah, Kaitlyn and Erin!

## \$10 Service Plan Available November 1, 2002

Have difficulty maintaining a minimum balance of \$1000 in your bonus chequing account? Want to know what your monthly service fees will be? Effective November 1, 2002, a flat \$10 Service Plan will be available which covers up to 50 transactions a month. For more information, visit the Credit Union or contact one of our Member Service Representatives at 426-7165 or toll free, out of town 1-877-426-0506

## Did you know?

*Each month, our members conduct...*

- Over 4,700 Internet transactions
- Over 2,000 TeleService® transactions
- 18,000 automated transactions
- And 1,900 members are enjoying the benefits of Extended Warranty and 90-day Purchase Protection by having a PINed Member Card® Debit Card





## Staff Profile: Idelle Peters

Idelle Peters joined the Christian Credit Union in September 2001. Idelle works part time as the Administrative Assistant to Jim Hummel, CFP, Business Development Officer.

Idelle indicates that she enjoys the great staff, wonderful team environment and flexible work hours at the Credit Union. She further commented that an added benefit has been the air-conditioned office environment, considering the hot summer Edmonton experienced.

Her creativity and positive work attitude are clearly evident. Recently, Idelle successfully passed the Investment Funds Institute of Canada's Mutual Fund Exam. Idelle is now a licensed Mutual Fund Investment Specialist.

Idelle is a member of the Board of Directors of the Canadian Reformed School Society of Edmonton and is the Transportation Convener. Idelle and her husband Hank of 22 years have 4 children, Jessica, Andrea, John and Lisa. They attend Providence Canadian Reformed Church.

Idelle, we appreciate your efforts and positive work attitude!

## PLANNER'S CORNER

### MORTGAGE vs. RRSP

Pay down mortgage or contribute to a Registered Retirement Savings Plan (RRSP)?

Jim Hummel, CFP



I've been asked this question at least monthly over the past year. The rule of thumb I answer with is, it is best to contribute to an RRSP and apply the tax refund to your mortgage. Does this one size fit all approach work? Lets take a closer look.

Please keep in mind that your situation may be different and the factors to consider may make your decision complex.

*The numbers.* Lets assume your mortgage rate is 6%. One would assume that your 'return' from paying down your mortgage is 6%. Most mortgages are not tax deductible thus you must earn more than a dollar to pay down a dollar in debt. In fact you will probably have to earn \$1.50 to pay down \$1.00 in mortgage debt. This boosts your after tax return on paying down your mortgage to over 10%. The higher the interest rate on your mortgage, the more attractive it is to pay down your mortgage.

*Gain a tax break with RRSP.* Even if you are at the lowest tax rate, an RRSP contribution will save you 26% in combined federal and provincial income tax. At the highest tax rate you might save 39%. When you compare the two, a \$1 applied against your mortgage returns 10%, while the RRSP saves you at least 26% in tax.

Lets try our rule of thumb i.e. contribute to your RRSP and apply the refund to your mortgage. Let's assume I have \$5,000 available and I am in a 32% marginal tax rate. By contributing to my RRSP, I should save \$1,600 in taxes and get a tax refund. Once I receive the refund, I would then take the \$1,600 and pay down my mortgage. I have created \$6,600 out of \$5,000, \$5,000 went to my RRSP and instead of paying the government \$1,600, I put it towards my mortgage.

*Other considerations* include taxation and financial goals. There are different tax implications of owning RRSPs and owning a home.

When you retire and start withdrawing funds from your RRSP, the funds taken from your RRSP (usually converted to a Registered Retirement Income Fund or RRIF) will be taxed. This is somewhat offset by the tax-free compounding you receive within your RRSP and the possibility that you will be in a lower tax bracket when retired. Contrary to gains in an RRSP, gains made when a principal residence is sold are not subject to tax.

Weighing the goals of providing for your future and your attitude concerning debt are additional considerations. Some of our members make debt repayment their #1 priority and have difficulty with the concept of owing money, even owing the Christian Credit Union. They reason that once their mortgage is paid off, they are no longer indebted to anyone and can then use that money to provide for their retirement and have more flexibility with regards to job changes or other life choices without having to worry about mortgage payments. There are others who are more concerned about providing income for retirement and focus on contributing to RRSPs and other savings. They reason that with advances in health care and a healthy lifestyle, they may be 'retired' 30 years. They like the benefits of compound growth and the immediate tax savings that RRSP contributions provides.

**The key point is that everyone's situation is different.** Both paying down your mortgage and contributing to your RRSP are excellent financial goals. If you would like an individual assessment on contributing to your RRSP or paying down your mortgage, please call me at 426-7165 or out of town, toll free 1-877-426-0506.

**Next issue:** Developing an annual financial checklist. (For previous Planner's Corners about estate planning, money management, RRSP, Home Buyer's and Lifelong Learning Plans or RESPs, email Jim at [jhummel@alberta-cu.com](mailto:jhummel@alberta-cu.com))



Visit, call or write us at:

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