



North Valley Credit Union

Make it Real

June 2019 HOURS OF OPERATION

Esterhazy Branch

516 Main Street
P.O. Box 1389

9:30am–5:00pm
Monday to Friday

Bus: (306) 745-6615
Fax: (306) 745-2858

Stockholm Branch

116 Ohlen St
P.O. Box 130

9:30am–12:00pm
1:00pm–5:00pm
Wednesday to
Friday

Bus: (306) 793-2171
Fax: (306) 793-2013



After a long, hard winter we are finally starting to get some summer weather and it is most welcome. Here are some of the things we are going to cover in this newsletter.

First, after operating our Stockholm Branch for 21 years the time has finally come to close the branch due to a lack of activity. The financial industry has seen its operating margins being eroded continually for the last two decades and this was never more evident following the financial calamity of 2008/2009. Margins have never recovered to the levels seen in the late 1990's. The only way to make up for the lost margin is with

volume and in the absence of volume changes must be made. The notice of branch closure appears later in this newsletter.

Second, our Investment Advisor Wade Penman has put together an informative article on Tax Free Savings Accounts. I believe this is perhaps one of the best new financial products to come along during my career. Everyone owes it to themselves to investigate this product and determine if investing in a TFSA will prove to be of long-term benefit to their financial wellbeing. If you are the type of individual that cannot save money but can make loan payments, considering borrowing to invest in a TFSA.

Finally, we bring your attention to our spring mortgage special. With interest rates taking another turn lower this may prove to be a very advantageous time to consider purchasing a new home or trading up to a higher quality property.



Roy Spence

CEO & General Manager
North Valley Credit Union

STOCKHOLM BRANCH CLOSURE

Please take note that in accordance with our obligation to provide a minimum of four months' notice under the voluntary Market Code; North Valley Credit Union will be permanently closing its Stockholm Branch effective December 31st, 2019.

The face of banking has changed immensely over the past two decades due to advanced technologies, new delivery channels and new competitors that didn't even exist in the past. The advent of the mortgage brokerage industry and the propensity of our members and customers to spread their business over many service providers has resulted in many smaller branches throughout Saskatchewan being rendered non-viable. Such is the case with our Stockholm branch. The decision to close this branch was a difficult one and our Board of Directors delayed taking this action for as long as possible. We look forward to serving our Stockholm members and customers through our Esterhazy branch, MemberDirect Home Banking and mobile apps.

The Tax Free Savings Account

The Tax Free Savings Account, known as the TFSA, celebrates its 10th anniversary this year. It came into existence on January 1, 2009 and is regarded by many as the greatest financial invention since the RRSP. Growth via interest, capital gains and qualifying dividends is sheltered from taxation so long as the funds remain in the TFSA account. Contributions are made with after-tax money and are not tax deductible. Conversely, any funds withdrawn are not taxable, and will never affect any income tested benefits such as OAS or GIS.

The annual limit in 2009 began at \$5,000 and is indexed to track Canada's annual inflation rate. The chart to the right shows the annual limit for each year since inception, as well as the cumulative totals. As of 2019, anyone who was 18 or older in 2009 could have a cumulative total of \$63,500 in contributions. As this cumulative total rises, the TFSA will become a legitimate retirement savings tool that will have certain advantages over RRSP's when used as a supplement to other retirement income.

One advantage of a TFSA over an RRSP is that you will not permanently lose contribution room when making withdrawals. Any withdrawal made can be replaced after January 1 of the following year. Your total contribution room at the end of each year plus any withdrawals made during that year is carried over to the next year and then added to that year's annual limit. Exceeding this cumulative total limit will result in a 1% penalty per month for each month the limit is exceeded. Caution should be exercised when using multiple TFSA's, to avoid over-contributing and incurring these penalties.

If you are over 18 and are a Canadian resident with a Social Insurance Number, you qualify to open a TFSA. Your tax free savings account can be more than just a savings account. It can hold other investments such as stocks, bonds, mutual funds, GIC's and even gold and silver bars. Ask your financial advisor how a TFSA can help with your savings goals.

Years	TFSA Annual Limit	Cumulative Total
2009–2012	\$5,000	\$20,000
2013–2014	\$5,500	\$31,000
2015	\$10,000	\$41,000
2016–2018	\$5,500	\$57,500
2019	\$6,000	\$63,500

SPRING MORTGAGE SPECIAL

Recently we have seen interest rates decline once again. While this is bad news for savers it is excellent news for borrowers. North Valley Credit Union has just lowered its mortgage rates to rock bottom levels. This may be an excellent time to consider purchasing a new home or upgrading from your current home.

The time could be right to access some of the equity in your home to pay off some of those high interest rate credit cards and save yourself a lot of money plus improve your cash flow. Give us a call and ask to speak with one of our lenders to discuss how we can help you benefit from the current low interest rates.