

My Credit

We dare you to compare!

Car Loan vs Equity LOC

Based on borrowing \$30,000 for 60 months

Car Loan 6%	Equity Line 5%
Monthly payments	
\$580	\$125*
Balance owing after 60 months	
\$0	\$30,000
Total cost of borrowing	
\$4,630.65	\$7,397.40

Although the monthly payments are much less, at the end of the 60 months you still have a debt of \$30,000 and have put out considerably more dollars in interest costs.

* Interest only

“They were ready to make a move but had packed on an extra \$83,000 in debt with a Home Equity LOC.

We reviewed their situation and agreed to consolidate their equity line and other debts into a fixed rate mortgage with a set payment plan. They got rid of their equity line and credit cards and set up a savings plan to ensure they would have extra money on hand. They now have only one monthly payment that will have them debt free in 10 years.”

As told by a Credit Union Member Service Rep

Home Equity Line of Credit

What is it & how does it work?

A Home Equity Line of Credit is a preferred rate line of credit you secure based on the value of your home in the form of a mortgage. In most cases, you can borrow up to 75 per cent of the appraised value of your home, less any outstanding mortgages. The beauty of this type of product is you only need to apply once, and like any type of revolving credit, you can use the funds again and again. Rates are typically variable, and on a monthly basis, only interest payments are required.

Why we don't market Home Equity Line of Credits?

On the surface, it sounds like a great product. With housing prices continuing to raise the value of your home, who wouldn't want to take advantage of a preferred rate and interest-only payments? This is definitely the hook most financial institutions use to entice you to take the product. However, if you do not use an Equity Line of Credit wisely, you could end up paying more than you bargained for.

Our goal is, simply, to put you into a better financial situation than what you are currently in, and in most cases we do not believe an Equity Line of Credit will do that. Once you are into an Equity Line, it can be difficult to get out. If you are making interest-only payments, you will never pay it off. This is a favourable proposition for any financial institution that encourages interest-only payments, and the risk is put solely on you, the borrower.

If an Equity Line of Credit is not properly managed, it can potentially leave you with a large debt at a time in your life when you should be enjoying financial freedom. Additionally, with a variable interest rate, interest-only payments fluctuate, which can result in cash flow problems for you should rates increase. The number of mortgages one has on a property can also affect your home insurance premiums. So while your money is put to work for someone else, what's really at risk is your home.

Is it right for you?

While we do offer Equity Lines of Credit, it is not a product we recommend for the majority of our members. Only under certain circumstances would we recommend this product. Home Equity Lines of Credit are best suited for members who have built up a great deal of equity in their homes, and who have the income and discipline to pay it off within a specific time frame. It can be an ideal lending option for someone looking to build on their net worth, such as borrowing for home renovations that could potentially increase the value of their home, for funding a child's education to lead to a better job, or for investments that could lead to a higher rate of return.

Equity Lines of Credit can also be used to consolidate high interest debts by taking advantage of the lower interest rate. But, in order to maximize the benefits of an Equity Line, the payments must be structured to a specific term so that when the term is up, the full amount is paid off. In short, unless using an Equity Line improves your net worth, and you can set up and adhere to a structured repayment plan, the product does not make sense financially.

Want some individual advice on a Home Equity Line of Credit?

If you currently have an Equity Line of Credit and you're not sure it's working for you, or you want to improve your financial situation by reducing your debt, there are a couple of options for you to consider.

Transfer to a fixed mortgage » With a fixed-rate mortgage, you make consistent monthly payments towards the principal balance. You will not have to worry about fluctuating interest rates, and we can help you determine a repayment amount that fits your needs and budget.

Talk to us about your options » Come into the credit union for a free financial fitness assessment. We'll sit down with you to review your current financial situation and help determine the options that are right for you. We can look at the big picture – other loan products you may have, the current balance on your mortgage, your monthly income and expenses – and help you find the best solution for you.

Afraid to tell us that your mortgage or line of credit is with another financial institution? Don't worry, we'll still provide expert input and advice on how to best manage your money.

Your financial health is our priority, and we are here to help you any way we can.

Turn over for information on convenience survey issues and solutions.

We'll show you how...

Go to mycreditunion.ca for:

- » Identity Theft with The Personal
- » Don't be lured by Phishing Scams
- » How To Reduce Service Fees

How to connect to your accounts.

The Credit Union ATMs:

- 18 Grenville St., Toronto
- 5700 Yonge St., Toronto
- 900 Bay St., Toronto
- 33 King St. W., Oshawa
- Econo Lodge,
265 Memorial Ave., Orillia
- Macdonald Cartier Building,
49 Place D'Armes, Kingston
- 2125 Algonquin Ave.,
North Bay
- THE EXCHANGE® Network
www.the-exchange.ca

Alternative ways to bank:

- Member Assistance
1-888-516-6664
- Direct Teller
1-800-387-0602
- Online Banking
www.mycreditunion.ca
- TelPay®
1-800-827-6317

Survey says...

How we are addressing the issue of "CONVENIENCE"

You said, "Lack of ATM Locations" » One of your biggest issues is the lack of availability and convenience of The Credit Union ATM locations. You want more ATM access at a lower cost.

The Solution: Understanding that we were falling short of member expectations, we joined THE EXCHANGE® Network. This network of ATMs allows you to access your accounts at over 2,100 locations across the GTA and Canada. All at a lower rate compared to using an Interac or



Cirrus ATM. Participating ATMs include other credit unions as well as the National Bank of Canada and HSBC Bank. Look for the two tone green and blue stripe icon at the ATM. Check out the ATM locator at www.the-exchange.ca for locations near you.

Coming July 1st - free deposits and lower withdrawal fees from \$1 to 75¢

How we are responding to your needs

You said, "More Access!" » You want more branch locations. You were concerned with not being able to get in touch as readily as you would like. You wanted easier ways to access your accounts and the products and services we offer.

The Solutions:

We recognize that we can't compete with the big banks' number of locations, but we do give you several ways to access The Credit Union.

1 » We offer quick and easy-to-use online applications for all our investment and lending products. Once you submit your application, we will contact you within 24 hours to discuss your needs. Or you can contact your Personal Account Manager directly to process applications via email or fax. If you are not sure who your Personal Account Manager is or do not know how to contact them just give Member Assistance a call and they will connect you.

2 » Take advantage of our incredible Member Assistance centre. It's one of the fastest, simplest, most convenient services The Credit Union has to offer. If you need answers right away, call or e-mail Member Assistance and you'll be connected to senior staff with the knowledge, expertise and authority to answer questions, fix problems, schedule appointments and get you to where you need to go. Need more information about a loan or mortgage? Looking for help with Home Banking? Forgot your Direct Teller password? Want to double-check some of your account activities? Member Assistance is on the frontline to support you. Call or e-mail us Monday to Friday 8:00 am to 4:30 pm in the GTA at 416-314-6772 or toll free at 1-888-516-6664 or email memberassistance@mycreditunion.ca. If calling or emailing during non-business hours, Member Assistance will contact you first thing on the next business day.

3 » Internet Banking allows you to access your accounts online in order to pay bills, transfer funds, view account history and more. Access your accounts 24 hours a day, 7 days a week.

4 » Phone Banking allows you to call toll free from anywhere in Canada 1-800-387-0602 and have instant access to your accounts any time of day or night.

Next month we will discuss mortgage options so you can ensure your mortgage fits your needs, as well as present ways to minimize service charges.

**The
Credit Union**
For All Government Employees

We'll show you how.

Member Assistance:
416-314-6772 or 1-888-516-6664

Direct Teller:
416-325-6818 or 1-800-387-0602
18 Grenville Street,
Toronto ON M4Y 3B3
www.mycreditunion.ca