

My Credit Union Financial Advocate



Important Announcement

Quick Tax – Personal Tax Filing Deadline: April 30, 2009

Try QuickTax this year and discover how simple it is to prepare and file your 2008 tax return online. As a member of The Credit Union, you'll get 20% off the regular rate of \$14.99 for a single standard return – that means you will pay only \$11.99. All it takes is one quick click on the QuickTax ad on The Credit Union's home page or on the QuickTax button on the Internet Banking login page and you'll be connected. Last year hundreds of members took advantage of this convenient time-saving service.

I want to choose the right chequing package, but...

how do I decide?

Whether you carry out your everyday banking electronically, write cheques or some combination of the two activities, choosing the package which meets your needs can be tricky. The main reason many of us have a difficult time figuring out what to choose is we have more than one chequing account, deal with more than one financial institution, and often have no idea how it all totals up. Last month we wrote about consolidating debt to reduce the amount of interest you are paying, and just like debt, there is power in consolidating your everyday banking needs. Instead of saving on interest, you can save on service fees.

How do you bank? And what does it cost you?

The first step is to figure out what you really do in your accounts. The average Canadian runs over 40 transactions a month through their chequing account. Sounds like a lot when you first hear the number. But when you start thinking about the number of times you swipe the stripe, use an ATM, pay bills and write cheques, it is easy to see how 40 transactions is not out of the question. Look at your transactions over the past few months, in all of your accounts. For each month note what type of transactions you do and the number of each type and then add them up.

Now you need to separate your transactions in two different groups – everyday transactions and those which are non-standard and generally have a higher service fee. Everyday banking transactions typically cover any type of withdrawal from your account. Higher service fee transactions are items like money orders, certified cheques and Interac ATM withdrawals.

Once you have your monthly activity divided between everyday transactions and higher service fee transactions, it is time to look at the fees you are paying. Like you did with transactions, divide the fees you pay in each of your accounts between the two groups (everyday versus non-standard) and add each group up. If you are paying additional fees because you went over your package limit or did not have direct deposit, include those fees in your everyday transaction total. Totalling the two categories is the cost of running your chequing account or accounts for a single month.

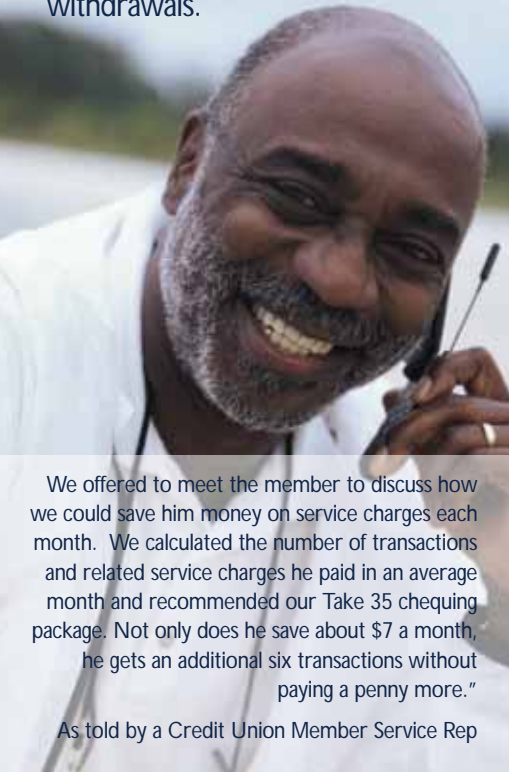
Shopping for your chequing account

Now it is time to take your information and start looking at your options. Check the website for each of the financial institutions you currently bank with and look at their chequing accounts. Find the one that fits the total number of everyday transactions you use each month and note the fee. Make sure you note the minimum balance requirement to have the monthly package fee waived.

Also, take a close look at what transactions are included. Some institutions are more expensive, but try to offset the additional charge by including additional non-standard transactions, like certified cheques. However, this is only a good idea if you use these non-standard items on a regular basis. Paying each month for a service you rarely use may cost you more than the usual fee in the end. Another item to watch for is transfers between your accounts at the same institution. Many institutions count transfers to your other accounts (i.e. loan payments, RRSP contributions and planned savings) against your monthly limit.

The goal is to find the package that includes as many of your everyday banking transactions for the lowest possible package price. Read about saving on the additional higher service fees on the back page of the newsletter. At the end of the day, your chequing account should fit you, not the other way around. Remember, if you are stuck or get a headache just thinking about trying to figure all of this out – come in, call or send us an email – we'll show you how to consolidate your chequing needs.

"After a member called in to discuss his chequing account, we noted he used the account for a variety of different transaction types; writing cheques, debit card purchases, bill payments and Interac ATM withdrawals.



We offered to meet the member to discuss how we could save him money on service charges each month. We calculated the number of transactions and related service charges he paid in an average month and recommended our Take 35 chequing package. Not only does he save about \$7 a month, he gets an additional six transactions without paying a penny more."

As told by a Credit Union Member Service Rep

Turn over to read about saving money!

Saving Money – Start with Service Fees

Go to mycreditunion.ca for:

- » How to Balance Your Chequing Account
- » The Personal – What is that smell?

Once you have chosen a package to fit the way you run your everyday transactions there are still more ways to save. Nobody wants to pay more fees than they have to. As your financial advocate, we want to make sure you have the right chequing account and are paying as little in service fees as possible. We have some strategies below to help you keep more money in your credit union chequing account.

Know Your Limit

Make sure you understand exactly how many transactions are included in your chequing package each month. Going over the limit means extra fees. Overage fees vary from institution to institution. At The Credit Union additional transactions are \$0.45 each. If you are unsure of the number of transactions you have completed just go on-line and look at your chequing activity to see where you stand or call Member Assistance for help. If you are finding you are going over your transaction limit each month and paying additional fees, it is time to consider moving up to the next activity level. But do the math first – if the difference between package fees is more than your overage charges it may not make sense to move up.

Minimum Monthly Balance

No-fee everyday banking transactions are often possible if you maintain a minimum monthly balance in your chequing account. The amount varies depending on the financial institution and the chequing package. So does it make sense? The answer is yes, most of the time. The key is to look at what you are earning on the amount of money versus what you pay in service fees. With The Credit Union Take 35 account with direct deposit, you can save \$59.40 a year by maintaining the minimum monthly balance of \$2,500. The savings in service fees of \$59.40 is equivalent to earning 2.38% if you kept the \$2,500 in a savings account for one year. This is where you have to do your comparison-shopping. If you have money sitting in a savings account earning you less than the amount you pay in service fees, it makes sense to keep the minimum monthly balance in your account. The hitch here is you have to maintain the minimum balance throughout the month. Even dipping below by a penny one-time means you will pay the monthly service fee.

Interac Withdrawal Fees

There is nothing more convenient than an ATM machine. It is hard to remember a time when we could not go to a machine and get money out. Choosing what machine, no matter the financial institution you use, is critical when trying to save on service fees. Most financial institutions do not charge any additional fees if you access your account at their machine. Go to another financial institution's machine and the fees start racking up quickly. Not only will you pay a withdrawal account fee from your own financial institution, but you also pay a surcharge levied by the financial institution whose machine you are using. Typically, these fees are in the range of \$1.25 – \$1.75. If you use a 'white label' or non-financial institution ATM, your 'convenience' fee can be as high as \$2.50. On a \$20 withdrawal, that is more than a 12.5% fee.

To improve our convenience The Credit Union joined THE EXCHANGE® Network giving our members access to hundreds of machines in Ontario. With our new chequing account packages, any withdrawal made at an EXCHANGE® Network ATM is included. There are no withdrawal fees, no surcharge fees – it is just like using a credit union ATM. It's pretty easy to save money – stop using Interac ATMs and start using THE EXCHANGE® Network ATMs. If you are not sure where to find the closest EXCHANGE® ATM just go to www.mycreditunion.ca and click on "The Credit Union and THE EXCHANGE® Network ATM Locations" link on our home page.

If an ATM is not readily available, consider getting cash back at a merchant when making a purchase. But be careful, make sure you know upfront if there is an additional fee.

Money Orders, Certified and Official Cheques

These are expensive services, which given today's technology may not always give you the best bang for your buck. Rather than using these paper methods, consider using an electronic method to transfer money to a third party. Using TelPay at The Credit Union or email money transfers at other financial institutions will save you a considerable amount of money.

NSF Fees

Bouncing a cheque is expensive. Sometimes it is easy to make an accounting error and all of a sudden, the money you thought you had is not there. Apply for an overdraft on your chequing account to cover you in those 'Oops' cases. Should you utilize your overdraft there will be a monthly fee and interest payable, but likely these will not add up to the amount of a single NSF charge. Compare overdraft accounts and make sure you are paying only when you utilize the overdraft.

Service fees are hard to avoid completely, but with a little planning there are ways to lessen the impact. Come on in, drop us a line or give us a call and we'll show you how to save as much on service fees as possible.

Save the Date!

Join us April 22nd for our 64th Annual General Meeting

As a member owner of The Credit Union exercise your right to vote at the Annual General Meeting. Each year, members are given the opportunity to vote for new members of the Board of Directors.

This year members will be voting for three 3-year terms and one 1-year term. Join us April 22nd and learn more about your credit union.