

MY HOME OPTIONS

We C.U.™



“I want to change my house, but ... is it better to renovate or move?”

Your love affair with your home is over, but is it time to spruce it up or sell it? How do you make the decision to renovate or move to a new home? What is more cost-effective?

“It was time for one of our long-term members to renew her mortgage. She had many questions about her renewal and financial situation. To fit everything in around her busy work and personal schedule we were able to answer her questions and get most of the work done through email and fax. The process was quick and convenient and she let us know how happy she is that The Credit Union is an active part of her financial life.”

— As told by a Branch Manager

Why do you want to renovate or move? This is where you need to be honest with yourself about what you like and dislike about your house and neighbourhood. Figuring out exactly what you want and what your long-term goals are will make your decision much more clear.

One of the key advantages of renovating your home is that you stay in your neighbourhood. By doing so you can avoid the stress of uprooting your family, changing schools and leaving behind friends.

If you are thinking of renovating be wary of over-capitalizing your home by making renovations that do not add to its market value. Start your decision process by researching the price performance of homes in your neighbourhood. Canadians love renovating – in 2007 \$19.7 billion dollars were spent on renovations. Since the majority of renovations are to update, prepare to sell or add value to a home and only 27% of renovations are done out of necessity, make sure you have a good understanding of the value-add of any renovation. It is wise to consult a real estate professional to find out what type of renovations can increase your homes' value.

Other Things to Think About

Sticking to a budget is critical whether you are renovating or buying a home. If renovating, before you make any decisions, get your house inspected so you can address any significant structural problems first. Finding out you have dry rot after you have paid for custom-made cupboards is not what you want. It is your responsibility to make sure your contractor has a very clear understanding of exactly what you want so they can quote properly. Even still, it is suggested that you have an extra 10 – 15% in your budget to cover unforeseen costs. If you decide to buy, take the time to talk to your financial advisor to get your purchase pre-approved. That way you will know in advance how much you can afford. Take a look at our April 2009 newsletter for information on the approval process.

The table on the left compares the types of costs in buying or renovating your home.

When you are making your lists about what you like and dislike about your home and all the things you want in a renovated or new space, you also need to consider time and stress. Buying a home and moving can take as little as 60 days while major renovations can take up to a year. You need to consider whether moving or renovating is less stressful for you and your family.

Finally, the current economic climate has to be considered. Homeowners entering the market now are finding the value of their home has decreased and that the market is sluggish at best. Gone are the days of bidding wars and record highs. The Federal Government has made some changes in the hopes of addressing the sluggish real estate and construction sectors. First-time home buyers have access to a \$5,000 tax credit, the RRSP Home Buyers' Plan has increased the withdrawal limit to \$25,000 and qualifying home renovation costs between \$1,000 and \$9,000 are eligible for a 15% non-refundable tax credit on their 2009 tax return. Check out www.cmhc-schl.gc.ca/en/co/ and click on homeownership and renovation plans for more details.



COMPARING COSTS

Buying

- Real Estate Fees
- Legal Fees
- Moving Costs
- Closing Costs
- Inspections
- Financing Costs
- Utility hook-ups

Renovating

- Labour
- Materials
- Permits
- Design Fees
- Inspections
- Financing Costs
- Potential Relocation Costs

**The
Credit Union**

For All Government Employees
Ontario Civil Service Credit Union Ltd.

Unraveling Credit Card Terms

Almost all Canadians have credit cards; many of us have more than one. In fact, the average Canadian carries 2.6 credit cards. At the end of October 2008 there were over 68 million VISA® and MasterCard® credit cards in circulation. Misunderstanding how your credit card works can mean a hit to your credit score. So what do all those terms actually mean on your credit card statement and what do you have to be careful of?

STATEMENT DATE: The date your statement is prepared. Any transactions made since your last statement date and the current statement date is your account activity.

PAYMENT DUE DATE: The date when your payment is due. This is a critical date because missing it can affect your credit score and eliminate an interest free period.

INTEREST RATES: Rates applied to any outstanding balance. Several different rates can be in effect depending on promotional activities and offers. The lowest usually are balance transfer rates and the highest are cash advance rates.

INTEREST-FREE GRACE PERIOD: The time between your statement and payment date and generally range between 19 and 26 days. This is a key period. Pay off your balance within this period and you will not pay any interest on purchases made in the transaction period. If you have been carrying a balance you may have to pay any interest owing from the date of the transaction until you pay the balance off. This means you have to pay off your balance 2 months in a row not to be charged interest. Check your statement to understand when the interest free period is and when it applies. Some issuers will give an interest-free period even if there is a balance.

BALANCE: The total amount owed as of the statement date. It includes new purchases, previous balance, interest charges, cash advances and/or balance transfer amounts. As interest accumulates daily, if you want to pay your account in full you must contact the credit card company, ask for the payout balance and pay the full amount the same day.

AVAILABLE CREDIT: This is equal to your credit limit minus your balance, calculated as of the statement date. If you have made purchases since your statement date, your available credit will be less. If you are not sure, you can call the credit card

company and get your current available credit amount. Be careful, if you go over your limit you can be charged additional fees, your interest rate can be increased and your credit score will be negatively impacted.

ORDER OF TRANSACTIONS FOR PAYMENT: You have taken the balance transfer offer, but what happens when you make a payment? First, payments go to the balance with the lower interest rate. If the payment covers the balance transfer amount, any remaining payment amount goes to the next highest interest debt and so on. You will continue to pay the higher amount of interest until the balance transfer amount is paid.

CASH ADVANCES OR CHEQUES: Many credit cards will allow you to get cash through ATMs, in-branch or using cheques; all are cash advances. There is no interest-free grace period with cash advances, interest starts accumulating right away and keeps accruing until the amount is paid. Be aware, cash advances typically have a higher interest rate than purchases or balance transfers so payments are applied to this amount last, meaning more interest is paid for a longer time.

MINIMUM PAYMENT: Each credit card company is a bit different, but the minimum payment is a percentage of the new statement balance, usually around 3%. In order to keep your account in good standing this amount must be paid by the payment due date. If you miss it, your late payment can show up on your credit report negatively affecting your credit score.

OVERDUE PAYMENT: If you missed your previous payment date, it will show on your next statement as an overdue payment. Pay this amount immediately. The longer you wait to make the missed payment the more it affects your credit score. Missing payments also means your interest rate may increase.

Not sure if you have a handle on your credit cards – come in, drop us a line or give us a call and we can help you figure it all out.

Go to mycreditunion.ca for:

- Understanding Mortgage Penalties
- The Personal: What to do in the event you have water damage in your home? Act fast!

2008 Patronage Dividend

The 2008 dividends were distributed March 24, 2009. In total \$48,000 was dispersed to all members of record for the period of January 1 to December 31, 2008. Each eligible member received a 3% share dividend paid into their patronage share account.

Board of Directors 2009-2010

At the Annual General Meeting April 22, 2009, two new directors were elected to the Board. Congratulations to Andrea Wint and Joseph Fernandes. They join Stan Barnes, Dr. Isla Carmichael, Steven Carrasco, Barry Koen-Butt, Marian McDonald, John MacMillan, and Diane Strumila.

NEW LOW RATES



Mortgage Rates:

- 5 Years **3.95%***
- 3 Years **4.05%***

NEW CAR LOAN RATE **3.99%***



* Rate subject to change without notice.