



The Cayman Islands Civil Service Association
Co-op Credit Union Ltd.
NEWSLETTER

February 2008



From the CEO's Desk

Happy New Year! May all your financial goals be achieved in 2008. Here in the Credit Union we want to help you achieve those goals. One way to achieve those goals is to **SAVE, SAVE, SAVE!**

Yes I live in Cayman; and yes I know the cost of living keeps going higher; and yes I pay the same prices as you do. However if you don't save something you will never get to the stage where you can negotiate or have the down-payment that is required for most property loans.

Here in Credit Union we don't ask you for a down-payment; we ask you to save by making a contribution to your shares. The worldwide philosophy of credit unions is you have to save while you borrow and if you don't save you can't borrow.

We therefore encourage you to make saving a priority for 2008. In fact with immediate effect, the Credit Union will be enforcing our Credit Policy which states that when a member is granted a loan, he/she shall contribute the equivalent of 20% of the monthly loan payment to his/her shares. For example, if your monthly loan payment is \$800, then your contribution to your shares would be \$160 or a total of \$960 should be coming into Credit Union every month.

Of course you can always increase your share contribution! Remember that the more you save, the more you can borrow (approx 8 or 10 times the amount you have in your shares) and the more dividends you will earn. So save! If you need some assistance in doing a budget that factors in some savings, please call on us here at the Credit Union. We're here to help you achieve your financial goals.

The Mortgage Fund

There was overwhelming support at the AGM on the 6 December to contribute the equivalent of 1% of dividends to the Mortgage Fund. We now need to build up the Mortgage Portfolio so that we can start to give mortgage loans of up to 30 years.

When will that be? As soon as the Fund reaches \$5 to \$6 Million, so here's another opportunity for you to invest in your Credit Union so that the Credit Union in turn can help more members reach their financial goal of obtaining a home/property loan.



Winner of the AGM raffle, Marjorie Beckles, receives from Corinne Glasgow, CEO, her all-expense paid trip to the July 2008 CCCU Convention which has been moved from POS, Trinidad to Ocho Rios, Jamaica.

How can you invest/build up the Mortgage Fund?

- Take out a fixed deposit at the Credit Union (see details below);
- Student Saver Account—take out a fixed deposit under your child's deposit account and earn a higher rate of interest;
- We are looking to offer to members a retirement account (a long-term savings investment earning an attractive rate of interest) in the future.

Fixed Deposits



You are invited to bring in new monies to the Credit Union which can help to build up the Mortgage Fund. Even though market rates on fixed deposits are falling, your Credit Union will offer you a better rate (up to half a percent above market rates) on short-term fixed deposits so bring in all your extra cash—including your Partner Draw and open a fixed deposit at your Credit Union!

You can use a short-term fixed deposit when you're saving for something special and can't wait for the AGM and the dividend payment.

If your children have deposit accounts, consider taking out a fixed deposit for them and watch their money grow. If you have not yet opened an account for your child or children, we encourage you to do so, and where possible bring them to the Credit Union to deposit to their account. Studies have shown that children who are encouraged to save at an early age manage their finances much better as adults and can achieve their financial goals much easier and earlier in life—they have bargaining power with savings!

Interest Rates

Yes interest rates have dropped in the banks over the last few months so why not Credit Union's. Firstly, we're not a bank, we're a co-operative and under the Co-operative Societies Law, we have an obligation to return to members/shareholders up to 6% dividend on shares. Secondly, since Credit Union has no 'outside' money, just members pooling their funds, we primarily earn dividends from the interest charged on loans. Our interest rate on property loans is 9.75% - that just about covers our overhead expenses of 4% and pay dividends of 6%. We can hardly go any lower—unless members no longer want a dividend return of 6%. So borrow from your Credit Union because the interest rate on the loan is not all dead money—you're borrowing but at the same time you're ensuring that you earn a dividend return on your share investment!

Corinne Glasgow

Chris Seymour, on behalf of his mother Eliza Walters, winner of the grand prize of \$500 from the Int'l Credit Union Day Celebrations, receives the cheque from organizer of ICU Day, Sonya Carias.



Loans! Loans! Loans! Remember that Credit Union provides overdraft loans for expenses such as annual property & auto insurance; educational and school fees; medical and burial expenses; hurricane shutters; and vacation loans. Overdrafts are repayable in a maximum of 12 months (because your annual expenses like house and car insurance are due again in 12 months).

A word of caution—do not over-extend yourself by taking every overdraft and cash advance that you can get. Leave something to fall back on in case of an emergency such as sickness or death. Also remember that you cannot get an overdraft until you have repaid any Cash Advance in full.

Service Fees

With effect from **1 March 2008**, Credit Union will be implementing the following service fees in an effort to curb expenses and eliminate abuses:

- Late fee on loans – **\$20 for late payment on loans that are 15 days overdue**;
- Messenger pick-up fee – **\$10** and CU will pick up the loan payment from members who are unable to come in because they are busy at work, traffic is bad, etc;
- Account or Statement print-out fee – **\$2 per page** to help to defray the cost of the expensive statement paper and man-hours for research and printing;
- Reference letter fee - **\$15 for the regular 3-day service and \$20 for an express/same-day service**;
- Cheque fee - **\$2.00 per cheque** with the first cheque free if you want to use the Credit Union to write cheques to pay your monthly bills including utilities.

New Recruits!

New staff members eager and willing to serve you are:



Julian Manderson
Loans Officer



Damion Tyndale
Member Services Representative

Project: Building Expansion

We had to go back to the drawing board with our building plans in light of a possible expansion of the airstrip. We will now have a single storey building added on and extending westward past the current parking area. The expansion will allow us to provide a larger member services lobby area and more space for the Loans Dept to conduct your business with the level of privacy you deserve. There will be ample parking—we will be able to accommodate you even on our busy days.

Thank you for your comments and suggestions (provided on the Member Comments/ Complaints Cards) as to how we can better serve you. Your comments are used to improve services now where possible given our constraints on space. Other useful suggestions including the ATM are being taken into consideration when we have more space to serve you.

Is Credit Union involved in the GGHAM Scheme?

The Government Guaranteed Home Assisted Mortgage (GGHAM) Scheme was set up for 'banks' and since the Credit Union is not a 'bank', we are not eligible to participate in the Scheme until such time as Cabinet expands the terms of reference to include co-operative societies such as the Credit Union.

Until such time as the eligibility criterion are expanded to include the Credit Union, I encourage you to save in your shares. Who knows, by the time we become eligible to participate, you might have saved your 10% share contribution and can qualify for an unrestricted property loan on your own through the Credit Union, particularly if we're able to start our 'mortgage' term loans soon. So go ahead and start or increase your savings today! Your Credit Union loan is unrestricted in that you can come back and re-negotiate your loan, for example you can borrow more if you want to add on to your home.

ATM—the debates rages on...To have or not to have ATM's

Some members want ATM; some members don't. Members who want it complain of the inconvenience of having to wait in line; members who don't want it say it encourages you to spend and not save, which is very true for those who lack self-control, and Credit Union is about helping the member to save. And so the debate will continue...at least until the building expansion is complete.

Technology Update

Our Website is up and running, providing up-to-date information to members and potential members. Most of CU forms can be downloaded and the last AGM booklet can be viewed@ <http://www.cicsa-creditunion.org>.

Other features such as incorporating website links to auto dealers, real estate agents, insurance agents as well as reputable construction contractors requires further discussion, could be made available in a few months. The viewing of account balances online will not likely be available before the completion of our building expansion.

Reminders! Reminders! Reminders!

- If your name, address, or phone number has changed, please let us know by filling in a **'Member's Profile Form'** (This form can be downloaded from our Website www.cicsa-creditunion.org). Remember that we need your current address and contact details in order to comply with our statutory obligations.
- If you are **applying for a loan** and your name or status has changed through marriage or the acquisition of Caymanian Status, then you will also need to submit your passport and Caymanian Status Certificate (where applicable).
- **Vehicle Licensing Logbooks** are to be submitted to the Loans Dept within 3 days after completion of the insurance and licensing processes.
- We encourage you to take a **Within Share Loan** rather than withdraw your shares. You don't earn dividends on what you've taken out of your shares; and conversely, the more you have in your shares, the more dividends you earn. Our Credit Union has been lenient in allowing members to withdraw from their shares unlike other credit unions the world over where members are not allowed to withdraw from their shares. Why? Because that's the credit union principle of saving—you save in your shares rather than withdraw. We're not a bank; we are a savings and loans institution!
- **Cash Advance**—is repayable in full on your next pay day and a job letter/pay slip must be presented for each and every Cash Advance requested.
- For your convenience you can **Walk-in or Make an Appointment** to see a Loans Officer.
- **Cheque Deposit Box** – Instead of waiting in line, you can drop off your cheque(s) (max. amount of \$9,999) with a completed deposit slip in the Deposit Box next to the Receptionist and we will mail your receipt to you.

