

the TEUCU connector

June 2009



A Prime Example of Loyalty

Many of you are well aware what prime rate or prime lending rate means, for those that aren't here's a fresh recap. The interest rate process starts with the Bank of Canada which is responsible for influencing short term interest rates by determining the target overnight rate (a.k.a. key interest rate). Note, there is much more to this but I am condensing as much as possible for the purposes of simplicity. The overnight rate is the lowest rate that financial institutions use to lend money to each other for short term loans used for the purpose of financing customer demand. Changes in the overnight rate will influence the prime rate that financial institutions' use to lend to their customers. Normally, the prime rate refers to the interest rate that is used by most financial institutions to lend to its most creditworthy commercial customers. Financial institutions frequently charge more than the quoted prime rate and use it as a benchmark against which other rates are measured. For example, floating rate consumer loan products such as car loans, home improvement loans and lines of credit loans are quoted at the prime rate plus 1,2,3 etc depending on the spread needed by the financial institution to maintain adequate profit margins to remain viable. The Prime Rate is usually consistent because financial institutions want to ensure that they remain competitive. Currently the overnight rate is 0.25% and the prime rate is 2.25%. The prime rate is at an unprecedented low and as a result many financial institutions are experiencing shrinking margins. As a result, some financial institutions' are resorting to setting their own prime rates that vary from the standard norm. Although this is a practice utilized by financial institutions' in order to survive during these challenging times, some of these prime rates are as much as 4.00% which is 1.75% above the benchmark rate. For comparison purposes this means that if a consumer applies for a loan which is quoted at prime plus 1%, they may be paying a different interest rate depending upon where they are applying for their loan. At some institutions this will mean 3.25% (prime of 2.25 plus 1% = 3.25%). At others, this may mean as much as 5.00%! (Prime of 4% plus 1%=5). Before you sign on that dotted line you may want to find out what the prime is in order that you get a fair comparison. At TEUCU the prime is prime. Our prime rate benchmark rate is currently 2.25% and all consumer loan products are based on this prime. Although we could have opted to change our prime to make higher profits, we always return our profits to you in the end anyway. As a result we prefer to share the benefits of ownership with you from the onset. We value the trust our members place in us, right from the start.



TEUCU GM
Diane Kocet

You will face many defeats in your life, but never let yourself be defeated. — Maya Angelou

TEUCU Onsite (August, 20 2009)

On August 20th
TEUCU will be at
6 Monogram from
7am-12pm and 10
Belfield from
1pm - 3pm.

Congratulations to
those members who
had their Index
Linked Term Deposits
come due last month!
They received a return
of **12.2980%** with no
risk to their principal!



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TEUCU Grants submission deadline 7 August, 2009

The TEUCU Essential Life Skills Grant - TEUCU is dedicated to contributing to our members' well being and personal development and as such we want to help provide students with opportunities to pursue post-secondary education. In an effort to prepare young people for the future and encourage them to become contributing and successful members, the credit union wants to award a \$1,000.00 grant to help fund the expenses for student members in their pursuit of higher education.

The TEUCU mySELF Optimizer Grant -TEUCU is committed to providing our community with opportunities for individuals to achieve their personal, educational and vocational goals and to become more responsible and productive members of society. To encourage our members to succeed, the credit union wants to award two \$500.00 grants to help fund the expenses for members in their pursuit of growth initiatives. Please visit our website at www.teucu.com or call 416-542-2522 for full eligibility requirements and more information.

TEUCU Eco-Tip

Did you know that most wrapping paper is not recyclable? We spend fortunes on gift wrapping paper, just for a few moments of pleasure. Take a look at Furoshiki, the Japanese art of folding cloth for wrapping gifts. Using techniques similar to Origami, Furoshiki uses a collection of folding techniques to attractively wrap gifts.

<http://www.dailynecotips.com:80/tip-91-furoshiki-gift-wrapping-the-eco-friendly-way/>

Did you know that TEUCU won the prestigious international Golden Mirror Award for our website and our secondary fun website the Urban Vault?! If you have not checked us out yet there is no better time than now!



Staff

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Complaint Officer

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Technical Support Representative

Liana Crimi
Loan Clerk
Member Service Representative
Deputy Privacy Officer

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