

News

GVC Credit Union News

Christmas Hamper Program



Many thanks to all our generous members who helped raise over \$4,100 for our 2006 Christmas Hamper Program. Your generosity enabled our staff

volunteers to prepare over 50 hampers for families in need who were recommended by you.

That brings the total to well over \$50,000 raised and over 571 hampers delivered since the program started in 1987.

Brentwood Phone Systems

In early June the Brentwood branch automated its phone system. This change was intended to help streamline calls to either the Brentwood branch or Head Office as both offices share the same premises.

It was brought to our attention that our members preferred the "human touch".

We heard you and on November 21st we reverted back to the phone system we had in place- Real People answering the phone.

The Spirit of the Season



*L to R (back): Greg Keall, Mary van Someren, Nancy Brooks and Bob Hatrick
L to R (front): Raj Khamba, Jody Roxburgh and Sara Macleod. Missing from the photo are Kuldeep Sahota and Neena Tatla.*

The spirit of the season was alive and well at our Surrey branch this past Christmas. The branch (listed and shown above) held a raffle for a gingerbread house, carefully crafted by Sara Macleod, with all the proceeds going towards GVC Credit Union's Christmas Hamper Program. The raffle was a huge success, bringing in approximately \$200 for the program.

In addition, for several years now the Surrey branch has been in contact with the counselling department of a local high school for possible Christmas Hamper family nominations. The counsellor and staff of the high school were so inspired by the efforts of our Surrey branch that they decided to "adopt" a family of their own to help out during the holiday season.

Great job Surrey branch! Your excellent efforts went a long way to help ensure a brighter holiday season for many families in our community.

RRSP Contribution Deadline:

March 1st, 2007

If you're looking to learn more about RRSP and RRIF plans, our free "Understanding the Basics" booklets are now available at all branches.

67th Annual General Meeting Notice

Wednesday, May 2nd, 2007 at the **Executive Inn Burnaby**;
4201 Lougheed Highway, Burnaby, BC.

The meeting will commence at 7:30pm.

ALL MEMBERS INVITED

2007 Financial Trends

Since September 2001 North America has experienced relatively low interest rates. Soon after the events of 9/11 interest rates were reduced by central bankers to prevent the economies from going into a recession. They succeeded, but the low interest rates made buying a home much more affordable, sparking a boom in house prices in the USA and Canada.

Higher home prices made existing homeowners feel wealthier, helping to fuel stronger consumer demand, again strengthening the economy. The advent of home equity loans made the "inflated" equity in the homes readily available to consumers, thus further strengthening the economy.

Globalization has seen much of this new consumer boom met by manufactured imports from developing countries, such as China. However while these countries have low labour costs, they often have to import raw materials and technical expertise. The importation of raw materials such as metals has helped Canada's mining industry boom.

The USA's economy has seen a shift. Much of its basic manufacturing has moved off shore. Notwithstanding this their economy is still relatively strong with relatively low unemployment. However the surge in imports has resulted in large current account deficits which have mostly been financed by developing countries purchasing US treasury bills. China alone has amassed almost \$1 trillion in US treasuries.

Starting in late 2004 the central bankers in the USA and Canada started to nudge interest rates up in ¼ of 1% increments. By May of 2006 the prime interest rate at Canada's chartered banks had moved up from 3.75% in August 2004 to 6.00%.

In the USA this has resulted in a topping out of house prices, with falls in some regions. Economic growth has slowed, but is still positive and it is by no means certain that a recession is likely in the near term. In Canada overall growth has slowed, but Alberta and to a lesser extent BC, continue to show strong growth. So, what do we expect 2007 to bring?

BC's economy is strong and under pinned by strong commodity prices, except in the forest industry, and a large number of infrastructure projects such as the Canada Line that is making access to GVC's Vancouver branch a nightmare. However elsewhere in Canada economic growth has slackened and many pundits are expecting interest rates to fall early in 2007.

In the USA there are similar expectations for the Federal Reserve Board to push rates down modestly early in the New Year. However, the USA needs to finance its large deficit. This may limit the downward pressure on longer term interest rates. It is the longer term rates that have a larger impact on mortgage rates. Traditionally investors have required higher interest rates to lock their money up for longer periods of time. This results in an upwardly sloping yield curve where longer term rates were higher than short term rates. Over the last couple of years this has not been the case. Long term and short term rates were almost the same.

Longer term rates are also affected by inflation, both actual and expected. Recently inflation has edged up. This, plus the need for the USA to finance its deficit, may result in pressure on longer term rates and a return to an upwardly sloping yield curve. Which is a long winded way of saying that, over time, we may see short term interest rates pushed down modestly by the Central Bankers, but that longer term rates may not fall as much, or in some circumstances may move up slightly.

Housing prices are affected by supply and demand, affordability and price expectations. BC has clearly had price increases that cannot be sustained; affordability is stretched to the limit for first time home buyers. However the province has a strong economy, low unemployment and an inflow of people moving to the province. In 1982, when house prices collapsed in BC, the economy was in a severe recession with inflation and unemployment at record levels.

We do not anticipate a re-run of 1982, however it is hard to see home prices continuing to climb at recent levels. A more likely scenario is for prices to stabilize, with some areas falling modestly where price increases have got ahead of the

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Cambie Branch Claims Volleyball Victory



L to R: Virginia Agujo, Margaret Lau, Michelle Dela Luna, Sandeep Grewal, Nick Wong (front), Richard Rochard and Greta Munro.

This past August GVC Credit Union held a staff picnic at Burnaby's Central Park. Along with other activities, a used-to-be annual volleyball game saw it's revival at the picnic.

The teams were divided into one per Branch, including a Head Office team. All fought hard for victory but only one team claimed the title of *2006 GVC Picnic Volleyball Champions*.

At our staff Christmas party in November the Cambie Branch was presented with an engraved trophy recognizing them as the Volleyball Champions of 2006.

Congratulations to the Cambie Branch. However, they are advised not to get too attached to the trophy as 2007 will no doubt bring even more friendly competition from all teams determined to snag the title!

2007 Board of Directors Nomination Results

In our October 2006 newsletter, nominations were invited to fill three positions available (each for a three year term of office) for the 2007 Board of Directors. The deadline for nominations was November 22nd, 2006.

We are pleased to announce that we received nominations from incumbents Gilles Deschenes, Jim Pope and Ken Sherwood.

Because we received three nominations for three positions, they have been declared elected by acclamation.

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market's ability to sustain them. This is similar to the scenario in the mid 1990's when prices fell modestly then slowly built back over a number of years.

To end on a contrarian note, we are unconvinced the expected fall in short term interest rates will occur. The USA economy has shown resiliency and inflation is edging up. House prices appear to have stabilized without experiencing severe declines and the stock markets are at, or close to, record levels. All this suggests there is a good chance short term interest rates will remain firm and perhaps even increase towards the end of 2007.

So, no big changes to interest rates and a slow down in home price escalation, with the potential for some modest declines in sectors that may have experienced unsustainable price increases, would be our expectations for 2007.

Member Survey Feedback

We would like to sincerely thank those members who took the time to complete our member satisfaction survey. Here is a small sample of the feedback we received.

"We could not ask for a better financial institution. We actually feel like we do matter, the staff always call us by our first names and you don't feel like you are just a number."

"Thank you for the opportunity to express my appreciation for having/providing an excellent customer service. I wish you had a branch at every business intersection so the customers could compare the ethics of 'customer services'. Thank you again."

"Nothing but the best services. Keep it up."

False Email/Rumour Circulating the Internet

Interac has advised that the following notice has been spreading through emails and blogs. Interac would like to confirm that there is no truth to the contents of the email/rumour below. Interac has also alerted law enforcement agencies.

'Subject: PIN NUMBER REVERSAL (GOOD TO KNOW)

If you should ever be forced by a robber to withdraw money from an ATM machine, you can notify the police by entering your PIN number in reverse.

For example, if your PIN number is 1234 then you would put in 4321. The ATM recognizes that your PIN number is backwards from the ATM card you placed in the machine.

The machine will still give you the money you requested but, unknown to the robber, the police will immediately be dispatched to help you.

This information was recently broadcasted on TV and it states that it is seldom used because people don't know it exists.'

If you receive an email that you suspect is fraudulent, claiming to be from Interac Association, do not respond. Forward the email to abuse@interac.org and then delete the email immediately.

RRSP's & You

Almost 30 years ago Registered Retirement Savings Plans were introduced so that the average Canadian could set aside funds for retirement and enjoy the benefits of having those funds sheltered for tax purposes.

The concept is simple: The money you save now for your retirement is tax exempt until it is withdrawn. Usually, a person's income drops at the time of retirement; therefore, tax on income received during retirement can be expected to be lower than when the person was fully employed.

Canadians enjoying company pension plans usually receive substantially more retirement income than those who receive only the government Canada Pension Plan and the Old Age Security.

Regardless of your age, now is the time to set aside money for your retirement so that you will receive something more than the two government plans.

Savings within the shelter of an RRSP provides two distinct advantages:

It defers the payment of taxes from high-income earning years to retirement years when income will probably be less and the marginal tax rate lower.

It allows people to save more than they could outside an RRSP and to have their investment accumulate tax-free interest as long as it is left in the RRSP.

As the first advantage shows, RRSP's are not a tax-exempt savings vehicle, rather a tax-deferral savings vehicle.

A contributor can only draw out what has been contributed plus accumulated earnings, and taxes must be paid on those withdrawals.

For RRSP information, contact your branch of GVC Credit Union.

GVC Credit Union is a member-owned financial co-operative which was founded in 1940 by members joining together to help one another.

Mission Statement

To offer savings and loan facilities oriented to the needs of individuals and families in Greater Vancouver.

To provide members with financial services at competitive rates and in such a manner as to be able to deal personally with each individual member.

To assist members in prudently managing their financial affairs by providing timely and appropriate financial information and personal loans and deposit counselling.

To offer other financial services if (in the opinion of the policy makers) they provide a member benefit.

GVC's objective is to achieve the above while paying competitive dividends, providing good quality working conditions, salaries and benefits to employees, and earning sufficient surplus to provide for statutory reserves and other reserves as might be deemed prudent.

Board of Directors

Elected by you, the members, representing your interests and guiding the future of your credit union are:

Glenn McLaughlin	Chair of the Board
Herb Gill	1st Vice-Chair
Ken Sherwood	2nd Vice-Chair
Phil Beall	Director
Judi Corra	Director
Gilles Deschenes	Director
Les Hausch	Director
Tom O'Sullivan	Director
Jim Pope	Director

2006 Dividends Declared

We are pleased to announce the Board of Directors have declared the following dividends for 2006:

Class C Preferred Equity Shares

The average dividend for Class C Preferred Equity Shares in 2006 was 4.625%

The 2007 dividend will be set quarterly in advance, as the higher of 4.0% per annum or .5% of 1% above GVC's highest yielding regular term deposit as of the first day of the quarter.

Patronage Dividends

Rebate of one months (June 2006) Personal Chequing account service charges, AND

Approximately 6.50% of the interest members paid on Personal Consumer Term Loans (excluding Lines of Credit, Mortgages, and Real Estate Loans).

Class B Membership Equity Shares 10%

(5% of the Membership Equity Share dividend to be paid in Patronage Equity Shares and 5% in Membership Equity Shares.)

Life Insured Share Savings 2%

Branch Hours

	MON	TUES	WED	THU	FRI	SAT
Vancouver	9:30-5	9:30-5	9:30-5	9:30-5	9:30-6	10-2
Brentwood	9:30-5	9:30-5	9:30-5	9:30-5	9:30-6	10-2
Lougheed	CLOSED	9:30-5	9:30-5	9:30-5	9:30-6	9:30-3
Surrey	9:30-5	9:30-5	9:30-5	9:30-5	9:30-6	10-2
Head Office	8-5	8-5	8-5	8-5	8-5	CLOSED

24/7
SERVICE

www.gvccu.com
604 444 5250

SURREY

1-9989 152nd St.
Surrey BC V3R 4G5
T 604 584 4434
F 604 584 6038
surrey@gvccu.com

BRENTWOOD

1801 Willingdon Ave.
Burnaby BC V5C 5R3
T 604 298 3344
F 604 298 3417
brentwood@gvccu.com

LOUGHEED

9608 Cameron St.
Burnaby BC V3J 1M2
T 604 421 3456
F 604 420 5526
burnaby@gvccu.com

VANCOUVER

100-4088 Cambie St.
Vancouver BC V5Z 2X8
T 604 876 7101
F 604 876 0892
vancouver@gvccu.com

HEAD OFFICE

1801 Willingdon Ave.
Burnaby BC V5C 5R3
T 604 298 3344
F 604 421 8949
admin@gvccu.com