Dollars & SENSE

Ladysmith & District Credit Union™
service since 1944

February 2013

Our Community. Your Credit Union.™

Commitment to the community runs deep at LDCU

True compassion and caring beyond the corporate façade can be a rare but wonderful thing to find in an organization. And yet at LDCU, having staff members who are deeply committed to the welfare of the entire community seems to be the norm.

Deeply affected by the need of families at Christmas time, Jennifer Bakker and Deborah Grant wish to highlight the opportunity to help Ladysmith families by preparing throughout the entire year to do so.

"Each year at Christmas, the Ladysmith Resource Centre provides a list of families in our community that are in need of extra help for items such as gifts for their children, clothing and food." stated Ms. Bakker. *"It's at this point that each year, we approach the rest of the LDCU staff to collectively sponsor a family in need."*

"Based on how much money we collect, the Ladysmith Credit Union matches the dollar amount, and then we decide how many families we can sponsor" added Ms. Grant. *"This past year, we were able to sponsor 3 different families and provided them with much needed and helpful items including clothing, pajamas, shoes, toys, food, grocery & gas gift certificates."* Both staff members happily highlighted the fact that the LDCU staff share the fundraising costs together, making this truly a team effort.

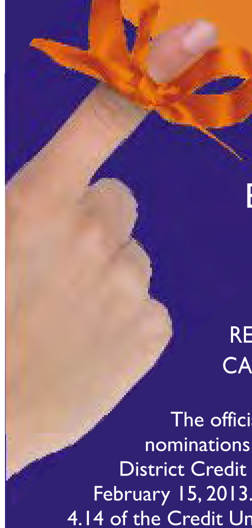
But it wasn't what they were able to do this year that both captured and disturbed their hearts. It was what they weren't able to do.

"*There was so much need*", states Ms. Grant "*It was heartbreaking that we weren't able to meet it all. Last year the whole wall at the Resource Centre was filled with food and toys, and this year it wasn't. It was clear that while we were able to meet some families' needs, others were going to go without.*"

And therein is the truth of the message that they desire to share. The need is still there and will continue to be throughout the year. Plan now to make a difference!

Continued on page 2

Remember our
68th ANNUAL GENERAL MEETING
Tuesday
APRIL 16, 2013



at the

EAGLES' HALL
29 French Street,
Ladysmith, BC

REGISTRATION 6:30pm
CALL TO ORDER 7:00pm

The official date for submitting nominations to Ladysmith & District Credit Union closed on February 15, 2013. As outlined in Section 4.14 of the Credit Union rules, three directors were elected via acclamation.

LDCU staff member, Nick Symons presents a cheque to Nanaimo SPCA representative Amber and dog Apple.

LDCU CARES ... from page 1

Not only is there a feeling of joy in helping others, but it increases your desire to help the community year-round. *"The program has been a real blessing to me"* Ms. Bakker concluded, *"It's about giving, and it goes beyond your own family. Together we can help to share the burden."*

Ms. Bakker & Ms. Grant boldly issue a challenge to corporate and private citizens to get involved. Call the Ladysmith Resource Centre and ask how you can start preparations to help a family! Small steps today will make a giant impact on someone's life tomorrow.

To learn more about how you can support the Christmas Cheer Program, please contact the Ladysmith Resource Center Association:
Website: www.lrca.bc.ca
Telephone: (250)245-3079
Email: info@lrca.bc.ca

LDCU staff member Kendre Haugen presents Jackie Stewart (of the Ladysmith Food Bank) a cheque for $176.02. The money is collected by the staff each Friday that they wear jeans, and presented once a month to a local charity.

Ladysmith & District Credit Union™
service since 1944

330 First Avenue, Box 430
Ladysmith, BC V9G 1A3
Phone: 250-245-2247
Toll Free: 1-888-899-2247
www.ldcu.ca

Canada Pension Plan: When can you take it and when should you?

By: Paul Marshman, The Star, Feb 07, 2013

Your CPP cheque depends on how many years you've contributed to the plan. When George turned 65, he got a present he'd been awaiting for years: his first Canada Pension Plan cheque.

George (not his real name) had been a senior manager at major corporations most of his career, and made more than $100,000 in his best years. Despite that long history of sizeable earnings, he was shocked to find that he didn't qualify for the maximum CPP benefit.

The problem? He lost his job at 60 in a corporate shuffle, and found only part-time work in the years left before his retirement. Those low-income years had taken a toll on his CPP benefits.

A cautionary tale, but not uncommon. While Canadians cherish and depend on the CPP, few of us fully understand it. We agonize over when to take it; we over- or under-estimate how much we'll get; or even doubt it will be around when we retire.

So let's try to answer some of the most common questions about the CPP.

Continued on page 3

Is the RRSP still relevant?

Has the love affair with the RRSP soured as Canadians turn their attention to fighting ballooning debt before interest rates rise?

The RRSP was first introduced as the government's plan to help us save for our own retirement and supplement the Canada Pension Plan. The latest information from Statistics Canada going back to 2011 shows only about six million Canadians made an RRSP contribution. The amount of unused RRSP contribution room is now over $500 billion. Even as income security provided by private pension plans declines and the age to collect old age security will increase for many now in the workforce, **we are saving less, not more**. The key debate this year seems to be whether to pay down debt or make that RRSP contribution.

Household debt to income reached a record 164.6 per cent in the last quarter, Canadians listed paying that down as their No. 1 priority for 2013. The survey found 17 per cent listed reducing debt as their top financial priority while only seven per cent picked retirement planning, down from 13 per cent listed two years ago.

"Credit card debt has a high interest rate by its very nature and it's unlikely no matter how well you do in your RRSP or TFSA, that you'll beat the rate on your debt," says Jamie Golombek, managing director, tax and estate planning. That's probably true of all debt with the exception of mortgage debt, which can be as low as three per cent for some consumers these days.

"It's also hard to convince consumers to save, given the extremely poor performance of many investments", says London-based author Talbot Stevens. "Besides, investors may wonder, who needs a retirement plan if you have a house that has doubled in value over the last decade?" Then there's the TFSA, a far more flexible vehicle for depositing and withdrawing money.

"Are RRSPs relevant? Yes, in the sense that people need to save for retirement...," says Stevens. "Income security is not as great as it used to be. We need to actually save more."

Talbot says how we save is more relevant than ever. For most middle and upper income Canadians, RRSPs are still the way to save," he says. "People used to dream about retiring at 55 but since the market crashed, people realized they are going to have to work a little bit longer."

Canda Pension Plan from previous page

Will it be there when I need it? The answer is, *"Yes."* In 2010, the government's chief actuary confirmed that the CPP is sustainable for the next 75 years, despite bumpy investment returns and millions of baby-boomers retiring.

How much will I get? Some believe your benefits depend on your five highest-earning years, or your last five years. The truth is, Service Canada, which administers the CPP, looks at your entire working life, from age 18 until you take your pension. It "drops out" up to 7.5 of your lowest-earning years (you can apply to exclude extra low-earning years if you were disabled or raising young children). Then, it bases your CPP benefit on an average of your lifetime earnings.

You get the biggest benefit by earning the maximum pensionable income every year ($51,100 in 2013), and making the maximum CPP contribution. If your income is lower, your pension will decrease proportionately by how much less than the maximum you earn over your career.

You can get a current estimate of how much you're likely to receive by contacting Service Canada (servicecanada.gc.ca, 1-800-277-9914). Once you apply for CPP and find out your final pension amount, you can ask for a review within 90 days, and make appeals if you disagree with the decision.

This year, the maximum pension is $1,012.50 per month. The pension increases each year along with the rise in the Consumer Price Index.

When should I take the CPP? You can receive the CPP as soon as you are 60, or as late as age 70. But more than two-thirds of Canadians take it before 65, Service Canada says. There's a penalty for taking it early, however, and it's increasing. In 2013, you lose 0.54 per cent for each month you take CPP before 65; that rises to 0.6 per cent a month in 2016.

However, most experts advise taking CPP as soon as possible as you'll get up to five more years of pension income. Your monthly cheque

Continued on page 4

Marilyn Legault & Kelsey Dentoom present RCMP Staff Sargeant Larry Chomyn a $276.02 cheque for the Ladysmith Cops for Cancer

Danielle Buck presents a $100 gift card to Jan. Grocery Contest winner, Tracy Paterson.

Cindy Cawthra (left) and Debbie Grant (right) present a cheque to Monica Genge (centre) of LaFF for the LDCU staff jeans day for charity initiative

Canada Pension Plan ... from page 3

will be smaller, but the total amount you receive will equal many times the amount you lose each month.

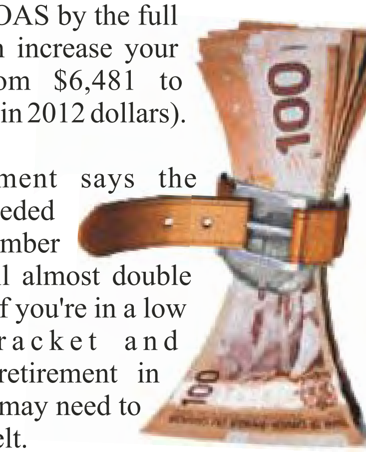
In fact, if you start receiving CPP at age 60 this year, you'll be ahead of the game until you're 75, says Jim Yih, a financial educator. CPP benefits are taxable, which changes the picture somewhat. But despite that, says Yih, "*I'm willing to bet 85 per cent of people should probably still take CPP early.*"

What can affect my CPP? While a few low-income years are automatically deducted from your benefit calculation, any further low-earning years will shrink your CPP cheque. That's another reason to take it at 60, says Dussault: "*You don't know what your income will be during those years, and if it's less than it's been so far, your pension might be based on a lower average.*" And, he adds, you don't know when you are going to die.

Do I have to stop working? Due to recent rule changes, the answer is, "*No.*" You can take CPP and keep working without pause. However, if you continue working, you now have to keep paying into the plan until you are at least 65. In return, you get a supplement to your pension each year.

OAS has changed, too! Last year, the federal government announced it will raise the age at which we get the OAS and the Guaranteed Income Supplement (GIS).

The good news is if you're near retirement age, nothing will change. But if you were born after March, 1958, you'll be getting the OAS later. The increases to the eligibility age are phased in, starting with a few months and building steadily to January, 1962; those born after that date will get their OAS at 67. If there's a silver lining, it's that, starting this July, you can defer taking OAS payments by up to five years. This earns you a larger pension; deferring the OAS by the full five years can increase your payments from $6,481 to $8,814 a year (in 2012 dollars).



The government says the changes are needed because the number of seniors will almost double by 2030. But if you're in a low income bracket and approaching retirement in 10 years, you may need to tighten your belt.