



JULY - SEPTEMBER 2021

Quarterly Newsletter

IN THIS EDITION: TFSAS, DIRECT INVESTING, ACCOUNT ALERTS AND INCREASED SERVICE HOURS

TFSA's – More Than Just A Savings Account

One of the most misunderstood investment tools is the Tax Free Savings Account (TFSA), and the blame can be solely placed on its name.

The TFSA is not just a savings account and using it as such is not letting it live up to its potential. The TFSA is a tax sheltered umbrella, in which you can invest in an array of different investments (i.e. stocks, ETFs, mutual funds, bonds, GICs, term deposits, savings) and allow them to grow tax free. The catch? The amount you can invest under the plan is limited by your contribution room. Contribution room for 2021 is \$6,000 with a total contribution limit of \$75,500 since inception for those who qualify. Contact the CRA by phone or online to determine your unused TFSA room.

Who can open a TFSA?

- Someone 18 years or older. Remember you only accumulate TFSA room starting the year you turn 18.
- Canadian residents with a valid SIN. You can still hold a TFSA if you are a non-resident who has a valid SIN, you just do not accumulate contribution room for the years you are not a resident.

"I have been a member with this credit union for over 15 years. The service I received today exemplifies why I prefer credit unions over traditional banks. I received excellent customer service today from multiple Rapport employees and departments this afternoon. They were so patient with me and reassured me. Their kindness calmed my frustration as it has been tough times lately."

- AS TOLD BY
A RAPPORT
MEMBER

NEW! Sign up for Online Banking
Direct Alerts *More info on page 4*

Member Assistance

416.925.1107 | 1.888.516.6664 | help@rapportcu.ca | rapportcu.ca



Advantages:

- Your money grows by compounding tax free for as long as it is in the plan and you don't pay any taxes when you withdraw your funds, so there is no impact on your tax rate.
- There are no barriers to withdraw the funds other than those related to the investment vehicle you have chosen.
- You can place your money in the investment vehicle that best matches your risk, goals and timing of when you may need the funds. You can miss out on higher returns by keeping your funds in a low interest savings account.
- TFSAs are a great estate planning tool. The funds pass to your beneficiary probate and tax free. You can put your spouse or partner as the successor holder, allowing them to take over the account and keep your unused contribution room.
- You don't lose your unused contribution room. If you don't have the funds to max it out each year you can carry your unused room into future years. Also, if you take funds out of your TFSA you can recontribute the amount you withdrew, but not until the following calendar year.
- No mandatory future withdrawals and because withdrawals are not reported as income, they will have no impact on your government benefits.

Disadvantages:

- No tax deduction on the amount you contribute to the TFSA. If you have a high income the TFSA is a great way to supplement your RRSP contributions. If you have a low to moderate income you may want to prioritize your TFSA contributions since you most likely won't see the tax benefits of an RRSP.
- Watch your contribution room! If you contribute over your personal contribution room, even if it's by accident, it will trigger a 1% penalty per month. Pay special attention when you are moving money in and out of your TFSA or if you have multiple TFSAs open with different institutions.
- No barriers to withdrawal, is both a benefit and a disadvantage. As TFSAs can be easily accessible, they are often the first account people take money out of for unplanned expenses, so staying focused on the purpose of your savings is important.

To learn more about TFSA's and how they can fit into your financial plan, reach out to a RapportWEALTH Advisor by calling 1-888-516-6664 or emailing wealth@rapportcu.ca

Investment choices: definitions and advantages

Qtrade Direct Investing™ available to all Rapport members, makes it easy to build a well-diversified portfolio, with access to a wide array of investment choices. Here is a quick overview of the securities you can choose for your Qtrade account, and the advantages of each.

Stocks

Stocks (also called shares or equities) represent an ownership position in a publicly traded corporation.

Details

- Canadian stocks that trade on the Toronto Stock Exchange (TSX), TSX Venture Exchange (TSXV) and Canadian Stock Exchange (CSE)
- U.S. and foreign stocks that trade on the New York Stock Exchange (NYSE) and Nasdaq
- Over the counter (OTC) stocks
- New issues — including IPOs (initial public offerings) as well as secondary or treasury offerings
- Rights and Warrants

Advantages

- Allows diversification across industry sectors and geography
- Accommodates strategies based on growth, value, or generating income from dividends
- You can borrow (trade on margin) to buy stocks trading for \$3 or more on major stock exchanges



ETFs: exchange-traded funds

Investment funds that trade on stock exchanges. ETFs that track the performance of various benchmark indexes are popular. Variations include actively managed and speciality ETFs.

Details

- 100 commission-free ETFs
- Passive ETFs that track benchmark indexes
- Actively managed ETFs with mandates to outperform benchmarks
- Specialty ETFs for various sectors, commodities and other niches

Advantages

- Easy to achieve diversification
- Liquid: easily bought and sold throughout the trading day at current market prices
- Low management fees
- ETFs trading for \$3 or more can be purchased on margin

Mutual funds

Portfolios of stocks, bonds and other investable assets which are professionally managed on behalf of many investors.

Details

- Thousands of funds to choose from
- Low-expense 'Series D' funds available

Advantages

- Benefit from expertise of professional portfolio managers
- Easy to achieve diversification
- Liquid: easy to buy and sell. No commission to buy, so well suited to monthly contribution

Bonds

Debt instruments issued by governments and corporations, usually for a specific length of time. They have a par (or face) value, which is repaid to the holder upon maturity of the bond. They also pay interest, which is the buyer's return (or yield) on the bond.

Details

- Huge inventory of Canadian and U.S. government and corporate bonds
- Related products such as commercial paper, strip coupons, and treasury bills

Advantages

- Predictable income stream
- Can play a key role in a well-balanced portfolio

GICs: Guaranteed Investment Certificates

Secure investments that offer a guaranteed rate of return over a fixed duration. Issued by financial institutions.

Details

- Large inventory available
- Flexible options with rates and maturities to suit your needs

Advantages

- Safe — principal is guaranteed up to \$250,000

Options

Secure investments that offer a guaranteed rate of return over a fixed duration. Issued by financial institutions.

Details

- Long calls and puts
- Spreads
- Covered and uncovered writing

Advantages

- Hedge against risk, generate income, and speculate on market moves
- Use leverage to capitalize on changes to a stock's price without needing to buy the stock



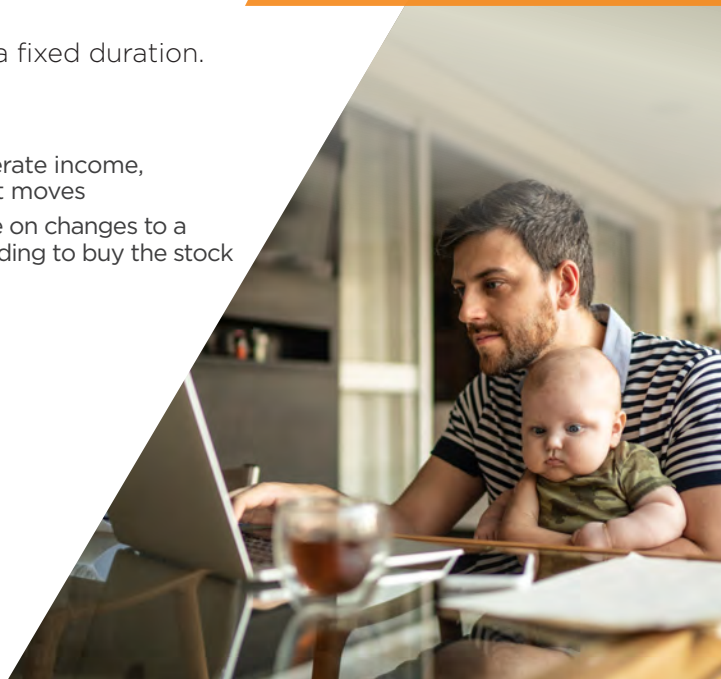
Laurie
Member since 1978



ATV
loans
as low as
5.0%*

*Upon approved credit. Some conditions apply. Rates can change without notice.

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Sign up for Online Banking Direct Alerts

Members asked and we listened. In last year's E-Account Survey, almost 40% of members who answered 9 or 10 said they would use account alerts. We're striving to improve the digital experience and recently introduced text or email alerts that notify online and mobile banking members any time the following occur:

- New login to online banking
- New bill payment vendor is added
- Personal access code / password is changed
- Interac e-Transfer recipient added
- New message from Rapport is received through online banking and available to view
- A business transaction requires an approval (exclusive to members who use our small business online banking platform)

It's easy to sign up!

ONLINE BANKING

1. Login to your online banking account
2. Click on Messages and Alerts
3. Next click on Add Contacts on the Manage Alerts Contacts and Mobile Nicknames
4. Here you can let us know where you'd like to receive your alerts – by email, text message or both.
5. You will then be asked to accept the conditions of our Alerts Agreement in order to proceed.
6. Once registered you will receive a one-time passcode by text or email depending on your selection. Enter this passcode to continue.
7. Finally select the alerts you wish to receive on the Manage Alerts link. You can customize which alerts you would like to sign up for – one, some or all of them!

MOBILE BANKING

1. Login to your mobile banking account
2. Click on Alerts, then click on Manage Alerts
3. Select the alerts you wish to receive. Sign up for one, some or all of them!
4. You will then be asked to accept the conditions of our Alerts Agreement in order to proceed.
5. Next let us know where you'd like to receive your alerts – by email, text message or both.
6. Once registered you will receive a one-time passcode by text or email depending on your selection. Enter this passcode to continue.

If you have any questions or need help setting up Direct Alerts on your account, please contact Member Assistance 416 925 1107 or 1 888 516 6664.

NEW MEMBER ASSISTANCE CONTACT CENTRE HOURS MONDAY TO FRIDAY – 8 A.M. TO 6:30 P.M.

One of our key performance standards is to exceed member's expectations of service. Over the past four years the percentage of members saying that Rapport exceeded their expectation of service has continued to increase from 33% in 2017 to 46% in 2020. One of the ways we can continue to improve is by providing you more service options and in April we increased the hours of our Member Assistance Contact Centre.



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Exclusive Offer!
Buy an additional 200 member shares as a long term investment!

Grow your money by supporting our growth.

Rapport members can purchase up to \$1,000 in additional member shares with an expected return of 2.45%* on their investment.

Contact your financial advocate.
416 925 1107 1 888 516 6664 help@rapportcu.ca

*Rates are not guaranteed and can change at any time. Decisions to be approved by the Rapport Board of Directors based on financial performance.

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