

THREE LEVELS OF PROTECTION

The Credit Union Deposit Guarantee Corporation, a Provincial corporation, and credit unions operate under the authority of the *Credit Union Act*. This legislation provides a three-level system of deposit protection:

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Level One

Each credit union is required to build and maintain capital to a level outlined in the *Credit Union Act and Regulations*. A credit union's capital is comprised of:

- retained earnings, and
- common shares and investment shares (if any) owned by its members.

Level Two

The Credit Union Deposit Guarantee Corporation provides a 100% guarantee of all deposits with Alberta credit unions. This protection includes accrued interest to the date of payout.

Level Three

The Government of Alberta ensures that the Credit Union Deposit Guarantee Corporation's obligation to the depositors will be carried out.

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FREQUENTLY ASKED QUESTIONS

Is Credit Union Deposit Guarantee Corporation part of the Alberta Government?

Credit Union Deposit Guarantee Corporation is a Provincial corporation established under the Alberta *Credit Union Act*. A Board of Directors appointed by the Lieutenant Governor in Council of Alberta administers the Credit Union Deposit Guarantee Corporation.

Are deposits in Alberta credit unions 100% guaranteed?

The Credit Union Deposit Guarantee Corporation guarantees the repayment of all deposits with Alberta credit unions, including accrued interest to the date of payout. It is not affected by a credit union changing its name, amalgamating or entering into similar types of arrangements.

Does the Government of Alberta also cover deposits?

The *Credit Union Act* provides that the Government of Alberta will ensure that the Credit Union Deposit Guarantee Corporation's obligation to depositors is carried out.

Is this guarantee the same as the banks' \$100,000 insurance?

This guarantee is more extensive than the banks' insurance. All deposit amounts are fully guaranteed and include accrued interest to the date of payout. Deposit amounts include chequing and savings accounts, RRSP deposits, RRIF deposits, TFSA deposits, foreign currency deposits, and term deposits, including those with terms exceeding five years.

Will the guarantee limit change?

The *Credit Union Act* provides for a 100% guarantee on all deposits. The legislation would have to be changed for the guarantee to change.

What is not covered by the guarantee?

The guarantee does not cover non-deposit investments, examples of which include common shares, investment shares, mutual funds and self-administered RRSP's that are not deposits (e.g. shares, mutual funds).

How is the deposit protection funded?

Alberta credit unions fund the deposit guarantee through assessments paid to the Credit Union Deposit Guarantee Corporation. The Deposit Guarantee Fund is invested in high quality investments.

Which credit unions are covered by the 100% guarantee?

All Alberta credit unions are covered by the 100% guarantee.

How will I get my money if a credit union closes? How long will it take?

In the unlikely event of a credit union closing, depositors will not be required to file a claim. They will be contacted at the last known address and will be advised of the payment details and date. Payments will be made as quickly as possible.