

PERMANENT SHARES

Fact Sheet - Credit Union Members

Q: What is a Permanent Share?

A: It represents a member's ownership of, or member's equity in the Credit Union. This amount cannot be withdrawn while the person remains a member.

Q: Why is it necessary for the Credit Union to implement Permanent Shares?

A: This gives the Credit Union another option for raising capital. It is also in keeping with the International Financial Reporting (Accounting) Standards that require equity to be treated in a certain way.

Since voluntary shares are not considered capital, permanent shares represent members' equity in the Credit Union.

Q: How is a Permanent Share different from voluntary shares?

A: The money in voluntary shares can be withdrawn, subject to a notice period if necessary. Permanent shares cannot be withdrawn, they can only be transferred when the member decides to give up membership.

Q: Would my Permanent Shares be the same amount as that of all other Credit Union members?

A: Not necessarily – it may vary from Credit Union to Credit Union based on the capital and/or regulatory requirements to be met by each Credit Union.

Q: How does a member benefit from having Permanent Shares?

A: It represents your part ownership or equity in the Credit Union and is used for the growth and development of your Credit Union.

Q: How does the Credit Union benefit?

A: Permanent shares increase the capital of the Credit Union and allows it to undertake expansion and enhancement of services to the members.

Q: Will I get dividends on my Permanent Shares?

A: Dividends may be paid on permanent shares if recommended by the Board of Directors and approved by members in an annual meeting.

Q: Can I use my Permanent Shares as collateral?

A: Permanent shares are not intended to be used as collateral. Members have the option of using their voluntary shares to provide collateral for their loans.

Q: Who and what will determine how much Permanent Shares members will need to have?

A: These decisions will be made by members in general meetings on the recommendation of the Board.

Q: Can Permanent Shares ever be withdrawn?

A: No, they can't be withdrawn but they can be transferred to other members. In case of death or resignation as a member; the Credit Union may buy back the shares using a special fund called the share transfer fund.

Q: Are my permanent shares covered by the Credit Union Movement's savings guarantee scheme?

A: No. They are not covered as they form part of the equity of the Credit Union.

Contact your Credit Union for further information.



BE INFORMED

**PERMANENT
SHARES IS NOW A
REALITY IN YOUR
CREDIT UNION**

