

What is a Credit Union?

It is a democratic mutual financial co-operative.
Simply put-

- it provides Savings and Loan Services
- it is not for profit
- it is owned by its members
- it is controlled by its members
- it is volunteer based

How does a Credit Union work?

As it is owned by its members, their savings are referred to as shares, each having a value of £1 each. These funds are then pooled and loaned out to other investors or invested in other financial institutions. After administration costs are deducted and prudent reserves established, any surplus is then distributed back to the members as dividend. By restricting membership to a 'Common Bond' the original Credit Union principle of mutual self help is preserved.

What are the Benefits of a Credit Union?

Members of a Credit Union enjoy many benefits unmatched elsewhere, such as

- **the ability to save regularly by automatic direct transfer from your bank account (even small amounts)**
- **the ability to meet payments by payroll deduction**
- **low cost borrowing- loans set at 12.68% APR- no comparison, no set-up fees, no penalties for early repayment**
- **free loan insurance protection in the event of death or permanent disability**
- **flexible loan assessment based on each individual (rather than credit scoring)**
- **savings and loan repayments are designed to suit your income**
- **lifetime membership, you don't have to close your account if you move residence or job**

Who can join the SCVO Credit Union?

The 'Common Bond' of the SCVO Credit Union includes all SCVO employees or anyone who is either a trustee, a full/ part-time employee or a voluntary worker of any charitable organisation which is a registered member of SCVO itself. It also allows for any partner/family member of the above to join provided that they live at the same home address.

Who manages the SCVO Credit Union?

Management of the SCVO Credit Union is by a volunteer Board of Directors elected at the Annual General Meeting by their fellow members. The Credit Committee, who deal with the loan applications and the Supervisory Committee who audit the operation, are also elected by the members, under the one member one vote system.

Do I get a dividend on my savings?

When the Credit Union achieves the level of income from loans and all expenses are paid, any surplus is divided between reserves and a dividend payment. The amount is decided at the AGM in line with our 'not for profit' philosophy. We hope to reach this position soon.

Insurance/Compensation

It is a requirement of the Credit Union Act 1979 that all Credit Unions have a bonding Insurance protecting members savings from fraud and dishonesty. Savings protection is also provided by the Financial Services Compensation Scheme.

Life Insurance cover within certain limits is provided for loans and savings balances at no cost to our members.

Membership Fee

A one-time membership fee of £2.00 is payable by all new members: this amount will be deducted from your first payment.

How we operate

Because we are a national based credit union it is not possible to deal with cash transactions. Therefore we offer two alternatives for payment.

- By completing the attached direct debit form we will automatically withdraw the agreed amount from your bank account on the 1st of each month.
- We are now able to offer monthly payments by payroll deduction. To make this service viable, we require a minimum of five members in an organisation who have prior approval from their payroll Dept. Once this is obtained, the Credit Union will liaise directly to enable this service to proceed.

Any loans granted are paid directly into the bank account nominated in your application form or subsequently amended in writing.

Completion of Application Form

Please complete all sections and have an authorised representative of an SCVO member organisation confirm your present relationship with your organisation. We do have a legal obligation to obtain proof of signature and residence and therefore we require a photocopy of documents showing these to be sent with your application form. Such documents as Passports, drivers licence etc suffice for signature proof, while bank statements, utility bills etc prove your home address. All information will be held in the strictest confidence and is subject to the terms of the Data Protection Act 1998. So that you can be properly identified in the event that telephone contact is made with the Credit Union, a confidential security password is also requested on this form.

If you have arranged for payments by payroll deduction please complete the appropriate form. In all other cases, the direct debit form must be completed.

Once completed, please detach and return the Membership Application and Direct debit or Payroll deduction form to SCVO Credit Union together with the identification papers stated above.

WHY YOU SHOULD JOIN OUR CREDIT UNION

Membership of the SCVO Credit Union brings you an exciting opportunity to participate in a unique mutual society established especially for the staff, Trustees and volunteers of the members of the Scottish Council for Voluntary Organisations.

Joining the SCVO Credit Union will encourage you to develop a planned savings programme and allow you to take out advantageously priced loans to make those special purchases, or perhaps to help spread the cost of a summer holiday-the flexibility is yours. Whatever you decide, you will have the reassurance that by joining this mutual society you can have a direct input into the management of your own Credit Union, working with a 'not for profit' philosophy for the good of Scotland's Third Force.

We have made joining the SCVO Credit Union easy for you. Simply complete the application form and provide us with a photocopy of documents verifying your signature and address. We also require either a direct debit or a payroll deduction instruction form completed and returned to the Credit Union office and your savings will thereafter be deducted directly from your salary or your bank account on the 1st monthly by Direct Debit.

In time we expect to become a large Credit Union within Scotland . We are YOUR credit union and need you to help us grow by joining now and encouraging your colleagues to do likewise.



Loans Policy

For what purpose can I borrow?

For any purpose that you require funds for—for example, household goods, holidays, christmas expenses, car repairs, bill payments, redecoration, and special occasions or emergency assistance.

How much can I borrow and repayment period?

At this time you can borrow up to 3 times your savings balance up to a maximum of £5000 and three years repayment period. All loans are granted at the discretion of the Credit Committee.

How soon can I take a loan?

You have to be a regular savings member of the SCVO Credit Union for 3 months before you can apply for a loan. We do have a policy against the use of 'share loading', which is the deposit of a lump sum to increase the savings balance simply in order to increase the amount that can be borrowed.

What is the repayment?

Under the law, Credit Unions are restricted to a loan rate of 1% per month on the reducing balance. That works out to a very modest 12.68% APR.

Typical Example of a £1000 loan repayable

| CREDIT UNION | | |
|---------------------|--------------------------|-----------------------|
| APR 12.68% | | |
| | Monthly repayment | Total Interest |
| Over 12 mths | £88.85 | £66.19 |
| Over 24 mths | £47.07 | £129.79 |
| Over 36 mths | £33.21 | £195.78 |

No arrangement /early repayment fee, free insurance.
Cheaper than most similar unsecured bank loans.

It is Credit Union policy to strongly encourage a savings habit even during a loan repayment period.

For further information contact us by:

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