



Share Cap April 2021 Questions & Answers

Why are LCU imposing further savings caps?

From 6th April 2021 we are requesting that all of our members withdraw any savings in excess of €20,000. Additionally, we will be introducing a temporary monthly savings limit of €7,500.

Credit union regulations require us to maintain regulatory reserves of 10% of total assets. This means that for every €100,000 of savings, we must allocate €10,000 from our surplus into a regulatory reserve. Life Credit Union is very well capitalised, far more than the regulatory requirements and is making this change to maintain that strength.

Any members savings not borrowed by other members must be invested. In line with other Credit Unions in Ireland, we currently lend out 32% of all the money you, our members, save with us. The remaining funds are invested in bonds and bank deposits and the return on these has fallen dramatically over the last years and continues to fall. In most instances, large investors, like Life Credit Union, are being charging by the banks negative interest for holding deposits with them.

Does the cap mean that LCU is in difficulty?

No, this has no bearing on the day-to-day operations of the credit union. Life Credit Union is adequately capitalised at €24.4m and has assets of €200m at Dec 2020.

We must always meet the regulatory reserve of 10% of our total assets. Each time our savings increase, we must allocate more money from our surplus funds to meet this regulatory reserve. It also reduces the amount we can afford to invest in new services and new technology options that can benefit all our members. To reduce the impact of this savings growth, the decision was taken to limit savings to benefit the greater number of our members and secure the future for Life Credit Union. Most credit unions in Ireland have caps in place.

Are my savings safe with LCU?

Your savings remain safe and secure at Life Credit Union. We are a financially strong and stable credit union with €24.4m in capital reserves and €200m in assets at Dec 2020.

In addition, your savings continue to be guaranteed by the Government Deposit Guarantee Scheme up to €100,000.

Does this mean the credit union cannot give out loans?

LCU is in a strong position to give out loans, subject to appropriate assessments being completed. Our ability to lend is in no way affected by the savings cap. We continue to provide valuable loan services to the local community.

How many members are impacted?

This limit is based on the person, not the account. So, each member is limited to a maximum of €20,000 combined savings, whether they are in a single or joint account. This will impact approx. 1,600 members in total

How long will the cap last for?

The Board of Life Credit Union will keep the savings restriction under constant review, if they make any decision to change the current cap, members will be informed.

Why was I not allowed vote in this change?

The Board of Directors are responsible for making decisions to ensure the future sustainability of the Credit Union. The Board of Directors of every credit union are drawn from the members and elected by the members and as the elected representatives of your credit union, it is the responsibility of the Board of Directors to ensure that Life Credit Union is compliant with regulations and can continue to operate and remain sustainable into the future for all members. While the Board recognise that this decision will not be popular, it needs to be made in the interests of the entire credit union.

Can I lodge the cheque in another member's account?

In keeping with the spirit of this exercise, and to ensure that it is beneficial to the overall membership, the funds should be moved outside of Life Credit Union. Separately, placing funds in another member's account could create tax implications for either you or the receiving member and tax advice should be sought in this regard.

My account is not active so how do I proceed?

Please contact a member of our staff at 045 879622 or info@lifecu.ie and we can support you as required.

What do I need to do next?

We will be in contact with you over the coming weeks to discuss the options available for you. If you intend to leave €20,000 in your account, please remember you will be unable to lodge any further funds into your savings account until your savings balance is less than €20,000. If you have any direct debits, credit transfers, standing orders set up to come into your Credit Union savings account, you

are advised to review your account. You may need to reduce your current share balance below €20,000 so that these electronic lodgements will not result in your savings exceeding the €20,000 savings limit.

Do I have to take action?

We are requesting that members act at this time to transfer any funds over €20k in their credit union account to another financial institution. We kindly request that you do this within 2 months from receipt of correspondence from Life Credit Union. The next step is likely to involve the issuing of cheques to members who have not taken action.

What happens if I do not take any action?

Life Credit Union may be forced to issue cheques to member who have not taken action.

Can you advise me as where I can place these funds?

Unfortunately, we cannot advise you in this regard.

Life Credit Union are not permitted to give financial advice on where you can invest your returned funds, however there are several independent statutory bodies who can provide information on the alternatives that may be available. Details of 2 of these sources are:

1. Competition and Consumer Protection Commission - <https://www.ccpc.ie/consumers> which is an independent statutory body giving independent advice for consumers
2. The Central Bank of Ireland - <http://registers.centralbank.ie/> which gives a list of firms and individuals authorised to sell and to advise on investment products. Alternatively, if you do not have access to the internet, you can call the online register at 1890 777 777.

This is very difficult for me to transfer funds during the pandemic as I do not want to leave my home at the moment.

We understand that this is difficult, and we are here to support you. If you are not already registered for online banking, we can help to set you up so that you can transfer the funds to another financial institution without having to leave your own home.