

# Savings Cap

## Frequently Asked Questions

### 1. How much is the savings cap?

From 1st January 2019, the maximum level of savings a member can hold is €30,000. Furthermore, from 10 December 2020 all new accounts can hold a maximum level of savings of €15,000 for adult members and €5,000 for juvenile members.

Total savings relates to the cumulative total between Shares, Special Shares, CU Cash and Xmas Deposit Accounts.

We recommend all our members to sign up for our online banking to allow you to manage your saving balance from the comfort of your own home.

<https://live.cuonline-ebanking.com/screens/MemberRegister.aspx?cuid=30>

### 2. Members with savings UNDER the permitted amount

If you have less than the permitted amount, you are free to increase it to this amount, but to no more beyond this level. (Subject to the €3,000 monthly savings limit).

If you have a standing order payment that brings you over the permitted limit it will be returned to your bank account.

### 3. Members with savings OVER the permitted amount

You will be required to withdraw funds to bring them below the permitted amount, this can be done by cash, cheque, or EFT. (If you are doing this in branch, please bring current photo I.D. and proof of address to complete this transaction.)

If you have a standing order payment it that brings you over the permitted limit it will be returned to your bank account.

With immediate effect any funds lodged to your account will automatically be returned the source. Once the balance has been brought below the relevant savings cap you may

continue to transact on your account but only up the savings limit. All other services, including loans, will remain available.

#### **4. What is the monthly lodgement cap?**

There is a monthly lodgement cap of €3,000 per member account.

#### **5. How will I be impacted by the savings cap if I have both a single and joint account with Member First Credit Union?**

The saving cap in place on a joint account is €60,000 i.e., €30,000 per person. In the case of a member holding a joint and a single account the member can hold €30,000 spread across all their accounts in the Credit Union.

It will be assumed that 50% of the account balance belongs to each named party on a joint account. If your balance across all accounts is more than €30,000 you will be notified accordingly requesting that you reduce your balance below €30,000 across all accounts.

### **EXAMPLE SCENARIO**

Norah and Joe hold a joint savings account with MFCU with a balance of €50,000. In addition, Norah holds a single account with a balance of €15,000. It is assumed that the balance on the joint account is split 50/50 between the name parties on the account. Therefore, the individual balances are as follows:

Norah holds a cumulative balance of €40,000 across her two accounts ( $€50,000 \times 50\%$ ) + €15,000. She will therefore be required to withdraw a minimum of €10,000.

Joe only holds €25,000 ( $€50,000 \times 50\%$ ) and therefore no action is required.

However, no transactions will be allowed on either account until Norah withdraws sufficient funds to bring her balance below €30,000.

Similar to above if you hold a joint account and you would like to arrange for some money to be moved from your account now you can do so either online; by calling into any of our branches or by filling out and returning the attached form to us. (link to withdrawal form to be attached here)

The monthly savings limit of €3000 will also apply to joint accounts.

## **6. How will my savings be returned to me?**

If you lodge funds bringing your total savings more than the allowed threshold amount, then the funds will automatically be returned to the source i.e., the bank account where the funds were sent from.

If you lodge more than €3,000 per month these funds will also automatically be returned to the source.

## **7. I have not transacted on my account in some time. What do I need to do?**

Any member who has not transacted on their account with Member First Credit Union Limited within a 36-month period; their account will be deemed an inactive account.

In this case we will require details of Identification (e.g., passport or driving licence, as well as proof of address verification, (e.g., a utility bill dated within 6 months).

We request that you contact us via telephone or call into any of our branches to keep your account up to date.

Alternatively, it is now possible to update your ID&V using the online banking app.

<https://live.cuonline-ebanking.com/screens/MemberRegister.aspx?cuid=30>

## **8. Can I still apply for a loan from MFCU?**

Yes. Member First Credit Union 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.

## **9. Why has the savings cap been introduced?**

This decision resulted from a significant increase in the value of saving deposits made at the Credit Union. This increase in member savings has had implications on the credit union's regulatory reserve requirements, as set out by the Central Bank of Ireland, which is a minimum of 10% of total assets.

The credit union is also managing the challenges faced by the current low interest rate environment which is greatly reducing the investment income that Member First Credit Union earns on its deposits. Due to the high level of on demand savings held by the credit union, over €68 million of excess funds must be placed in short-term investments which we are currently receiving zero or negative interest rates. This low interest rate environment is impacting on the credit union's ability to generate a surplus.

## **10. Are my savings safe in Member First Credit Union?**

Your savings remain safe and secure at Member First Credit Union. We are a financially strong and stable community-based credit union with adequate capital reserves. In addition, your savings continue to be guaranteed by the Government Deposit Guarantee Scheme.

**END**

**Member First Credit Union, Ltd. is regulated by the Central Bank of Ireland**