

# Deposit Insurance

Transition from Credit Union Deposit Guarantee Corporation to Canada Deposit Insurance Corporation

## How deposit insurance would change

**There will NOT be any changes to deposit guarantee coverage until Innovation officially becomes a federal credit union.**

One of the most significant changes with becoming a federal credit union is how your eligible deposits are guaranteed.

Rather than an unlimited guarantee on eligible deposits through the Credit Union Deposit Guarantee Corporation (CUDGC), eligible deposits to a federal credit union receive **\$100,000 of coverage in each** of the following categories through Canada Deposit Insurance Corporation (CDIC)--the same as what clients enjoy at major banks. All Canadian and foreign currencies are eligible for CDIC insurance.

Coverage and Categories:

- deposits held in one name: an operating account, savings account, and any unregistered term deposit would be combined for a maximum coverage limit of \$100,000\*
- deposits held in joint names (in the names of two or more people) are insured separately from eligible deposits held in other insured categories. Each eligible joint deposit is protected for up to \$100,000 per set of joint owners, regardless of the number of people who own the deposit.
- RRSP, RRIF, and TFSA eligible deposits are each insured for up to \$100,000
- RESP and RDSP eligible deposits are each insured for up to \$100,000 effective April 30, 2022
- trusts accounts are eligible for deposit insurance up to \$100,000 per beneficiary\*\*
- property tax holding accounts are eligible for insurance up to \$100,000\*\*\*

## The impact

For **over 80%** of our personal members, \$100,000 in each of the above categories is more than enough. If you're affected by the change in deposit insurance, we can help you to **maximize your coverage**. For example, you can qualify for additional coverage by adding funds to an RRSP, TFSA and a joint or trust account.

CDIC provides **transitional coverage** (the same coverage you have now) starting on the day we become a federal credit union and ending after **180 days**. **Term deposits are also fully insured until they mature or are redeemed.**

We can work with you during this transitional period to ensure you receive the most coverage available once we fully transition to CDIC.

## Strong and stable

It's important to remember that deposit insurance is likely something you'll never need. We adhere to strict liquidity and capital adequacy guidelines. We have many processes in place to ensure we remain strong and stable; federal regulation will only strengthen them. No one has ever lost a single dollar of insured deposits through CDIC or CUDGC.

**For full details about the changes in deposit insurance and the transition period, please see the *Disclosure on Continuance Regulations* notice or visit [cdic.ca](http://cdic.ca)**

\*Change to deposit protection effective April 30, 2020

\*\*Conditional on CDIC disclosure requirements being met

\*\*\* These deposits will be combined with eligible deposits in other categories effective April 30, 2022

## Example:

### Current deposit insurance

Sally Smith currently has these Innovation products:

Product	Amount	Amount insured by CUDGC
<b>Deposits held in one name</b>		
No-Fee Account	\$5,000	\$5,000
Savings Account	\$45,000	\$45,000
US Account	\$5,000	\$5,000
3-Year Term Deposit	\$75,000	\$75,000
<b>Deposits in RRSPs</b>		
5-Year Term Deposit	\$175,000	\$175,000
<b>Investments</b>		
Mutual Fund	\$80,000	Not eligible

### CDIC transitional coverage

For the first 180 days after becoming a federal credit union:

- All Sally's pre-existing deposit accounts, minus any withdrawals she makes, will be eligible for deposit insurance through CDIC.
- All Sally's pre-existing term deposits will be fully eligible for CDIC insurance until they mature or she redeems them.
- Any new eligible deposits Sally makes are separately insured by CDIC's standard coverage.

Product	Amount	Amount eligible for CDIC insurance
<b>Deposits held in one name</b>		
No-Fee Account	\$5,000	\$5,000
Savings Account	\$45,000	\$45,000
US Account	\$5,000	\$5,000*
3-Year Term Deposit	\$75,000	\$75,000, until maturity
<b>Deposits in RRSPs</b>		
5-Year Term Deposit	\$175,000	\$175,000, until maturity
<b>Investments</b>		
Mutual Fund	\$80,000	Not eligible

### CDIC standard coverage

After the 180 day transition period:

- Sally's deposit accounts are covered by CDIC's standard coverage.
- Sally's term deposits are fully eligible for CDIC insurance until they mature or she redeems them. After that, CDIC standard coverage will apply.

Product	Amount	Amount eligible for CDIC insurance before term deposits mature	Amount eligible for CDIC insurance after term deposits mature
<b>Deposits held in one name</b>			
No-Fee Account	\$5,000	\$55,000*	\$100,000
Savings Account	\$45,000		
US Account	\$5,000		
3-Year Term Deposit	\$75,000	\$75,000, until maturity	
<b>Deposits in RRSPs</b>			
5-Year Term Deposit	\$175,000	\$175,000, until maturity	\$100,000
<b>Investments</b>			
Mutual Fund	\$80,000	Not eligible	Not eligible

After the transition period, some of Sally's deposits would exceed eligible CDIC coverage limits. We could help her maximize her coverage using a strategy such as putting funds into a TFSA or putting funds into a joint account with her spouse.

We always welcome your questions and feedback.

Call us @ **1.866.446.7001**  
[www.innovationcu.ca](http://www.innovationcu.ca)



\*Change to deposit protection effective April 30, 2020