

# LCU NEWS AUTUMN 2014

## IN THIS ISSUE

<b>Celebrating Academic Achievement</b>	<b>1</b>
<b>Western Union Prize Winner</b>	<b>2</b>
<b>COBA Market Scan Report: Family Banking</b>	<b>2</b>
<b>Are You Retirement Ready: Bridges</b>	<b>2</b>
<b>VISA Pay wave is Coming Soon</b>	<b>2</b>
<b>Update Regular Payments Using Visa</b>	<b>3</b>
<b>New Privacy Laws</b>	<b>3</b>
<b>Be PIN Wise</b>	<b>3</b>
<b>FIFA World Cup</b>	<b>4</b>



## Celebrating Academic Achievement

On February 14, LCU hosted the annual luncheon to celebrate the achievements of our 2014 Tertiary Scholarship winners. On behalf of the LCU community, Chairman of the Board Anita Andrew presented the winners with their awards and congratulated them on their 2013 HSC results.

LCU has been awarding these Scholarships since 1991, and this year each scholarship was worth \$950. Both the successful and unsuccessful applicants were of an extremely high standard and Dr Anita Andrew wished them all every success in their chosen field of study and employment.

Those Scholarship winners present at the luncheon were Olivia Bouchier, Margaret Chen, Romy Lester, Nicholas Frankland and Kate Manus. Unfortunately Emily Vohralik, Karen Zwingmann, Natalie Li, Heather Stockwell and Tristan McInnes were unable to attend.



## Congratulations!!

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## Congratulations to LCU Member Mark!!



Over the Christmas period Western Union Business Solutions gave participating Financial Institution members the chance to enter their prize draw to win travel vouchers worth \$4500 by using one of their services.

Western Union reported that the campaign was a great success and that they had thousands of entrants. The draw was independently conducted on January 15th and LCU member Mark Jessup won the \$4500 travel voucher!

Out of thousands of entrants from various credit unions our very own member Mark won the lucky prize!

What a fantastic prize Mark! We look forward to hearing about the trip you take!

### COBA Market Scan Report

LCU's Family Banking was featured in the March 2014 COBA Market Scan Report.



#### LCU's Family Banking Initiative

In July 2013 Sydney-based Laboratories Credit Union (LCU) introduced an innovative home loan initiative called Family Banking. The aim of Family Banking is to help young first home buyers get on the property ladder with the help of their parents or other family members.

There are two components to Family Banking. The first is the Helping Hand Loan, which is essentially a guarantor loan that is similar to a few others already on the market i.e. SGE Credit Union's Get Ahead Start Home Loan, and St George's Family Pledge.

LCU's Helping Hand Loan allows parents or grandparents to guarantee up to 20 per cent of the loan through either a mortgage against their property or a term deposit. The homebuyer secures the remaining 80 per cent and pays off both loans.

Essentially, homebuyers are able to borrow up to 100 per cent of the value of their own property with the help of their guarantor, who is generally a more established, asset-rich family member. The key feature of LCU's Helping Hand Loan is that when the total amount owing on the loan is reduced to below 80 per cent, the guarantor will no longer be liable for the loan and will be effectively released from the guarantee.

This is an important feature of the loan. LCU's CEO Michael Sinclair explains that, although many parents are keen to help their children get on the property ladder, they can be apprehensive about using their family home as a security on their child's new property. "There needs to be a mentality change. Older people in their 50s and 60s will need to be comfortable with re-mortgage later in life to help their children". The LCU Helping Hand Home Loan is structured to minimise risk to both parties. Loan applicants are assessed by their loan serviceability, not necessarily their savings record or deposit size.

LCU decided from the outset that the guarantor should be released from the guarantee when the total outstanding balance dips below 80 per cent LVR, rather than the guarantee carrying through the whole term. Mr

Sinclair said the aim was to "help new buyers get over the line, not providing them ongoing support".

The second is the Family Offset Account, which can be linked to a homebuyer's mortgage account and help reduce interest payable on the loan. The balance sitting in the family member's saving account does not accrue any interest; it sits in the account purely to reduce interest accruing on the homebuyer's loan. This is a unique proposition. As far as COBA and LCU are aware, no other Australian ADI provides this third party offset option.

LCU expects the Family Offset Account to attract new members and consolidate family assets. However, LCU is also aware that this offset feature reduces the net interest income potential. "Our fixed term deposit rate is currently 3.7 per cent and our lending SVR is 5 per cent. So we are, in effect, losing that 1.3 per cent difference. But we believe this product genuinely benefits the members who are most in need of a leg up," said Mr Sinclair.

Mr Sinclair expects that take up of these unique Family Banking products will gather momentum. LCU's target market is a very "select community" of 8,000 workers in Riverside Corporate Park in Sydney's northern suburbs. Referral rates are good, and LCU is active in promoting the credit union brand within the business park.



Want to buy your first home??  
But don't have enough deposit..  
Talk to us about

**FAMILY BANKING**



## Are you retirement ready?



Visit [www.bridges.com.au/retirementready](http://www.bridges.com.au/retirementready) to get prepared with Bridges' top five retirement tips.

Or make an appointment with Bridges financial planner John Addario on 02 9906 8005.

As a member of LCU the initial consultation is complimentary and obligation-free.

**Visa**  
payWave  
**Coming soon!**



## Update- Regular Payments using Visa

A number of our Members make Regular Payments of some type and this can be either a recurring payment or an instalment payment. A Regular Payment represents an agreement between you and the merchant you have preauthorised to bill your Visa card account at predetermined intervals. The amount may differ or be the same for each transaction.

For example: You may ask your gymnasium to charge your monthly membership fee to your Visa card each month. Or, you may have an insurance policy where you pay the annual premium in 12 monthly instalments.

If you have entered into a Regular Payments arrangement with a merchant you should keep a record of all regular payment arrangements and store the details in a safe place. A brochure explaining the 'Ins and Outs of Direct Debits' is available from the Australian Payments Clearing Association website, [www.apca.com.au](http://www.apca.com.au).

### Customer Responsibilities

You are responsible for notifying the merchant when your account details change, including card number or change of expiry date. Until you notify the merchant, your bank is required to process transactions from the merchant. Use this link, [www.lcu.com.au](http://www.lcu.com.au), to generate a change in account details letter for your merchant. We recommend you keep a copy of any change in account details letter sent, with your earlier regular payment agreement. This correspondence will be required if your merchant does not comply to your request in a timely manner and you decide to dispute any incorrectly charged regular repayments.

### Customer Rights

Any issues with your regular payments, including the failure of the merchant to act on a change in account details advice, should be taken up with the merchant first. Should further assistance be required to resolve an issue between yourself and a merchant, contact LCU for more information.

### LCU's suggestion

We suggest that you link any Direct Debits you may have, directly to your LCU account, not through your Visa card. This avoids having to update your Direct Debit details each time a new card is issued.



## Australian Privacy Principles (APPs) and Credit Reporting Code

From 12 March 2014 the Australian Privacy Principles (APPs) replaced the National Privacy Principles (NPPs). The core objective of the APP regime is to give appropriate protection to individuals when organisations collect, hold, use, disclose and seek to correct their personal information.

The Privacy Act provides specific regulation in relation to the collection, use, disclosure and maintenance of credit related personal information about participants in the credit reporting system. From 12 March 2014, the credit reporting provisions allow a limited number of categories of credit related personal information to be used in the credit reporting system. These categories are:

- The date the credit account was opened
- The date the credit account was closed
- The type of credit
- The maximum credit limit
- Repayment history about the individual

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You can find LCU's detailed Privacy Policy on our website – [www.lcu.com.au](http://www.lcu.com.au)

A useful source of further information about the changes to credit reporting is the website - [www.CreditSmart.org.au](http://www.CreditSmart.org.au)

## THE USE OF SIGNATURES ARE BEING PHASED OUT!

Signatures will no longer be accepted when you present your card to make payments or purchases from 1st August 2014.

If you do not have a PIN, Please call us on 02 9859 0585.

**A PIN IS FAR MORE SECURE THAN A SIGNATURE**

When purchasing goods with a no cash out transaction **press Credit and Pin!!** & enjoy **FEE FREE** transactions!!





# Watch it Live in Brazil!



Use your Visa Debit card for a chance to win\* a trip for two to the 2014 FIFA World Cup™ in Brazil, thanks to Visa.

## Two simple steps to be entered into the draw

1. Make a purchase using your LCU Visa Debit card In-store, online, overseas or over the phone Between 1 February and 30 April 2014

2. Register your entry at: [www.cuscal.com.au/visapromo2014](http://www.cuscal.com.au/visapromo2014)

For more information visit our website: [www.lcu.com.au](http://www.lcu.com.au)

## Laboratories Credit Union

(02) 9859 0585/0533 FAX (02) 9859 0555  
PO BOX 1967 MACQUARIE CENTRE 2113  
1 The Village, RIVERSIDE CORPORATE  
PARK  
JULIUS AVENUE, NORTH RYDE 2113

Email [info@lcu.com.au](mailto:info@lcu.com.au) -  
[www.lcu.com.au](http://www.lcu.com.au) - **LCUDirect**  
(02) 9859 0500

Laboratories Credit Union Ltd  
ABN 77 087 650 217 AFSL / Australian Credit Licence  
240807



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community!**

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and special offers?

LCU is active on Facebook and Twitter  
so please drop by and say hello:

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