



**TRUE
NORTH
STRONG**

NAVIGATING THE NORTH.

 **NORTHERN**
CREDIT UNION

2014 | COMMUNITY REPORT



YOUR GUIDE TO NAVIGATING THE FINANCIAL WILDERNESS



At Northern Credit Union, we're no stranger to the financial realities of life in the North. Over the years, we've helped over 55,000 members become homeowners, build businesses, plan for their futures and weather some very tough economic times. From Thunder Bay to Arnprior, we've held boot camps to teach people of all ages about managing their money, and we've been the first to lend a hand during times of need.

The North is a beautiful place, but managing your finances can be anything but pretty. You could be lounging in the sun one minute, only to be shoveling your way through a cold pile of bills the next. Before you know it, that toddler of yours could be asking you to pay for her wedding or worse, law school. And then there's retirement. Or at least we hope.

This is your guide to navigating the financial wilderness that is your life. It'll offer you some tips for surviving your expenses, taking control of your financial situation and building a brighter future for your family. Of course, you've also got Northern in your corner. And guiding people is what we do.



A MESSAGE FROM

AL SURACI

PRESIDENT AND CEO OF NORTHERN CREDIT UNION

Over the past several years, we've introduced new initiatives designed to strengthen our organization and improve our level of service to you, our members. From a new banking system to a standardized sales approach and a member-centric branch model, our progress culminated in 2013 with the launch of Northern's new brand, True North Strong.

True North Strong inspires us to work harder and do more for Northern's members, local businesses and the communities we serve – a rallying cry to become the one true financial institution of the North. It's what empowers our employees to grow their knowledge base, deepen their understanding of our products and offer the best advice possible to meet your financial needs. It also lends strength to our Board of Directors; ensuring that we remain on the leading edge in terms of strategic direction.

The foundation upon which we build and grow is our organization's financial strength. In 2013, we placed an even greater focus on efficiencies, mindful of the need to ensure our long-term stability as an independent credit union. The environment in which we operate is one of competition and fluctuation, and fiscal responsibility is a key element of success. Our audited financial results, which are published later in the spring, will reflect another successful year at Northern.

In 2014, our Board-approved business plan calls for continued optimization of efficiencies, investment in staff and director training, and collaboration with other credit unions to build awareness and identify growth through merger opportunities.

Research shows that our industry continues to be compressed, with many small and medium-sized credit unions looking to mergers or amalgamation to ensure viability for their members. These organizations recognize Northern's strong position as the largest credit union in Northern Ontario, and our Board is well prepared to address such opportunities.

Our Delegates continue to raise Northern's profile in each of our communities – supporting causes ranging from literacy to health, social responsibility and more. I am grateful to all of our Delegates for their efforts, and encourage everyone to share the value and satisfaction that can be realized through participation as ambassadors for our credit union.

As we strive to reach members through a broader range of channels and offer world-class financial services and solutions anytime, anywhere across our footprint, we thank you for helping to make us True North Strong.



Al Suraci, President and CEO



THE ROAD AHEAD

As you set off on the next phase of your financial journey, many things look promising. Housing price growth is forecast to be lead by Northern Ontario over the next few years. Employment rates are also expected to rise, thanks in part to the large investments being made here – including the first new law school and school of architecture to be built in Ontario in more than 40 years.

Unfortunately, the road ahead isn't without its rough patches. Today, the average Canadian owes \$1.63 for every \$1.00 they earn. Excluding their mortgage, a typical resident of Ontario owes over \$25,000 to personal debit, and that figure is expected to rise.

Thankfully, you're no typical resident of Ontario. You're a member of Northern Credit Union, and that means working with a true partner who's invested in helping you make the most of your journey. All you need is the will to set a new course. But before we head off, let's dump your gear and take a closer look at your overall financial picture.



ALWAYS BE PREPARED

Would you go through winter without snow tires? Or a summer without bug spray? Planning ahead just makes sense. But when it comes to balancing our finances and building stronger futures for ourselves, many of us just aren't prepared. Stuck in the daily grind of expenses, credit card purchases and mortgage payments, we forget to keep tabs on our savings and our spending – when we could be doing a lot more to gear up for the road ahead.

Being financially prepared means understanding your net worth and monthly cash flow. By knowing where you are, it becomes easier to plot a course for where you want to be. Getting there will require a plan that takes all of your short, medium and long-term goals into account, all the way through retirement; a plan to become profitable.

Northern is here to help. Whether you're just starting out and building a career, balancing a mortgage with a growing family or nearing retirement, we can give you the support you need to make better decisions with your money. And you can start right now by considering the four topics to the right. It shouldn't take you too much time, and you'll be surprised by what you learn.

NET WORTH

Subtract everything you owe from the value of everything you own. This is your net worth statement. Come back to your statement often to track your progress, including money coming in, money invested, money owed and assets that have changed in value.

CASH FLOW

Make a list. Add up all the money that comes into your home each month. Next, add up all of your expenses. Subtracting your monthly living expenses from your income should give you a clear picture of whether you're growing your savings, or just growing your debt.

RETIREMENT

How much will you need to retire comfortably? Are you putting enough away? You may be able to count on roughly \$1000/month from the government, but the rest depends on the kind of life you want to have and the cost of living it. Give that some thought, then come see us.

ACTION PLAN

Your action plan should take your net worth, cash flow and retirement goals into account, with a little left over to cheat from time to time. With Northern on your side, we can help you come up with a plan to grow your net worth, budget responsibly and enjoy a worry-free retirement.



TRAPPING YOUR DEBT

Borrowing has become a big part of our lives. If you want to own a home, you need a mortgage. Starting a business can be costly. Keeping a car on the road isn't cheap. Putting the kids through school is no small feat. And of course, there's no such thing as a life without a few "financial setbacks." That being said, there's no excuse for letting debt trap you, instead of the other way around. You need a debt repayment plan.

At Northern Credit Union, we're committed to helping our members get their debt under control. Taking your monthly expenses into account, we'll help you develop a reasonable and realistic plan to borrow responsibly, pay the least amount of interest possible and pay off your debts faster. Whatever your borrowing needs – mortgage, tuition or unexpected expenses – we'll always have your back with flexible repayment options, competitive rates and sound advice whenever you need it. You can't always avoid debt. But with our help, at least you can show it who's boss.





BETTER BORROWING



MORTGAGES

Think of your mortgage as an investment. Consider an accelerated payment schedule, attach a secure line of credit, and you'll save thousands as you pay off your home.

LINES OF CREDIT

Our secure line of credit lets you leverage the equity in your home for a lower rate. Try to use lines of credit for assets that hold their value – if there's no value, use cash.

CREDIT CARDS

While the convenience of credit cards can't be beat, it's important to factor it into your overall monthly budget. To start earning on your purchases, ask us about our Choice Rewards MasterCard® Credit Cards.

INVESTMENT LOANS

Used wisely, an investment loan is a great way to top up your RSPs. You can even use your tax return to pay off part of your loan.

PERSONAL LOANS

When needs arise, Northern lets you borrow anywhere from \$5,000 to \$250,000 (subject to qualifications). Ask us to help you come up with a sound repayment strategy to help you save money.

STUDENT BORROWING

Being a student is hard enough. We help shoulder some of the stress by offering a Student Line of Credit below the prime lending rate.



FINDING YOUR TRUE NORTH

Money management is not a skill that comes naturally to many of us. Blinded by our daily grind, it's easy to lose sight of the bigger financial picture. Needless to say, it's not surprising that so many Canadians are drowning in debt. But it doesn't have to be that way. All you need is a little focus and some sound financial advice. Start with the basics:

SPEND LESS THAN YOU EARN

Wealth is relative. A household that makes \$150,000 a year and spends \$160,000 is in debt \$50,000 after 5 years. Conversely, a household that makes \$50,000 a year and puts just 10% of it away will have a savings of \$25,000 after 5 years. It's not what you earn – it's what you do with it.

STAY ON TOP OF YOUR NET WORTH

Think of your net worth statement as a compass for your overall financial health. Without one, there's no sense of direction, and no financial plan to work towards. By staying on top of your assets and liabilities, you'll always know whether you're heading in the right direction.

TRACK YOUR MONTHLY SPENDING

The more you track your monthly spending, the more likely you are to identify areas where you can save. More often than not, you'll discover a long list of expenses that you and your family don't really need. For example, a coffee and a muffin every day can add up to \$100 month. That's \$1,200 a year!

BUILD A BUDGET

If you have more money coming in than going out, give yourself a pat on the back. If not, you have some tough decisions to make. Imposing a budget on your family will not make you popular, but it's the only way to regain control of your spending and achieve financial stability. Start with a goal to save 10% of your monthly income, then challenge yourself to go up from there.



INVESTING IN THE WILD

Investing may sound complicated, even scary. Our advice? Keep it simple. Start early and stick with it. Be conservative with risk and don't put all your eggs in one basket. Keep yourself diversified with a blend of mutual funds, and make sure they're within your risk tolerance. Stagger your term deposits to maximize interest and have money coming due every year. Here's a few guiding principles to help you take the "wild side" out of investing:

INVEST IN YOURSELF

Stay focused and don't let your well-intentioned friends or neighbours lead you astray. Whether it's for your dream vacation, your child's education or your retirement, a sound investment strategy should be built around the realities of your life.

INVEST IN YOUR CHILDREN

Start contributing to a Registered Education Savings Plan (RESP) as early in your child's life as possible. The investment will grow tax-free, and you'll be sparing your children from having to deal with student loan debt when they start working.

INVEST IN NEXT YEAR

You can't save everything for retirement. Life is to be enjoyed now. So set some short-term goals, like taking the family on a trip or remodeling the kitchen, and use your High Interest Savings Accounts and GICs to make it happen.

INVEST IN YOUR FUTURE

No matter how old you are, it's never too early or too late to open a Registered Retirement Savings Plan (RRSP) and contribute every month. Even if you start small, you'll be amazed at how much you can grow over time.

HOW WILL YOU KNOW WHEN YOU GET THERE?

A worry-free retirement is what we're all after. Millions would be nice, but in reality you won't need that much. If you've lived within your means, paid off your debts and saved well over the years, you should be free and clear by the time you retire. Of course, you'll still need to eat, heat your home, fill the car with gas and most importantly, enjoy yourself.

Estimate how much money you'd need every month for your living expenses during retirement. Include everything from food, clothing, utilities and home maintenance to travel, entertainment, health care and taxes. Keep in mind you'll have to account for inflation, too.

When you turn 65, you can count on about \$1,000 a month from the government. This includes Old Age Security and the Canada Pension Plan (as long as you have contributed). If you are married, the same applies for your spouse. If your spouse passes away, so do their benefits. The rest of your spending money will come from your pension, your savings and RRSP, or a blend of both. So do the math, and book a free financial review at a Northern Credit Union branch near you. We'll help you put together a plan that fits you perfectly.

Put a Northern Wealth Consultant to work for you, and get help with:

- Portfolio reviews
- Retirement savings and income
- Estate planning
- Business succession planning
- Education planning

BUILDING BUSINESS IN THE NORTH

We believe that Northern Ontario is on the cusp of a new era of business growth, including a wave of ambitious small businesses. Enhanced telecommunication networks will be essential to remaining competitive. Making broadband accessible to all rural and urban communities will enhance business development and create opportunities for innovation. After years of layoffs and mill closures, the forestry industry is beginning to show signs of recovery. Likewise, the Ring of Fire mining development project has the potential to significantly increase jobs in the construction, service and mining sectors.

Today, Northern Credit Union is the preferred banking partner for thousands of businesses across Northern Ontario. Like them, we're deeply invested in the growth of our local economy. We understand the opportunities and challenges affecting business in the North, and we work harder to help our members prosper, create new jobs and contribute to the community.

If you were to ask any of the businesses we've helped, here's what they'd tell you:

WE'RE HANDS ON.

Come into the branch and we'll greet you by name. Call and you'll speak to a real person. We're friendly and flexible because that's how things are done around here.

WE LIVE AND WORK HERE, TOO.

When you need money, we'll do anything to get you a "yes." That's the beauty of local decision-making.

WE'RE A TRUE BUSINESS PARTNER.

We'll give you knowledgeable advice, push harder for things like business loan approvals, and be your advocate within the Northern business community.

WE BELIEVE SIZE DOESN'T MATTER.

Northern knows firsthand that it is the smaller entrepreneur that drives growth in our community, and we do everything we can to support Northern businesses of all sizes.

WE LOOK AT THE BIG PICTURE.

Consolidating your business and personal banking at Northern is a smart move. Working together, we can put every last dollar to work for you.

WE'RE IN IT FOR THE LONG HAUL.

When you partner with Northern, you can count on us to go the extra mile to help your business grow, and to always have your back when times get tough. No less.





If you're looking for a true business partner you can count on, look no further. Working with a Business Relationship Manager dedicated to helping you do more, we offer a full range of products and services including:

NORTHERN OPERATING LINE OF CREDIT

No minimum or maximum – just cash when you need it.

NORTHERN TERM LOANS

Great rates and flexibility, with multiple payment schedules to choose from.

COMMERCIAL MORTGAGES

Personal advice and local approvals by people who understand your business.

ELECTRONIC MERCHANT SERVICES

Accept customer credit/debit cards electronically and cost effectively.

BUSINESS CREDIT CARDS

Improve cash flow, consolidate purchasing and simplify expense management.

CERIDIAN HR & PAYROLL SERVICES

Manage everything between hiring and retiring.



THE NORTHERN WAY



HIGHLIGHTS

2ND ANNUAL RUN FOR EPILEPSY:
Title Sponsor, \$3000 Raised

NORTH BAY REGIONAL HEALTH CENTRE FOUNDATION:
\$8000 Raised

PEMBROKE REGIONAL HOSPITAL FOUNDATION:
\$3000 Raised

WEST END COMMUNITY CENTRE:
\$180,000 over 10 years (now Northern Community Centre)



At Northern Credit Union, our commitment to Corporate Social Responsibility (CSR) is tied directly to our vision to be the leader in building financial futures, together. We are and always have been a social and environmentally conscious company that gives back to the North, because that's the Northern Way.

Elected by the members, our Northern Delegates act as the flag-bearers of our cause – championing local initiatives, helping Northerners in their communities, and working hard to raise awareness of our efforts to give back. Working with them, our CSR committee continues to make inroads in several key areas, including:

COMMUNITY ECONOMIC DEVELOPMENT

- Commercial lending to small businesses in our communities, creating local employment opportunities
- Local purchasing and hiring wherever possible
- Non-profit account packages and pricing

FINANCIAL LITERACY

- Financial literacy boot camps and newsletters, as well as education resources for colleges and universities
- Annual contests for elementary and high school students to win prizes and RESP contributions

PHILANTHROPY/VOLUNTEERISM

- Employee, member and delegate fundraising initiatives
- Over \$100,000 in local donations raised annually

ENVIRONMENTAL SUSTAINABILITY

- Green building initiatives for all branches, including a 4-star rating for our new corporate head office
- Ethical investment opportunities including Ethical Mutual Funds and Community Bonds
- Online, paperless banking with E-Statements
- Teleconferenced board and committee meetings to reduce travel

Across the country, credit unions are doing their part to help make our communities better. To learn more about our collective effort to improve our communities, visit: creditunionsarehelpinghere.com/cu/northerncu

WE'RE ALL IN THIS TOGETHER

As a member of Northern Credit Union, you are also an owner. That means you elect who represents your branch at the credit union's Annual General Meeting. These delegates are advocates for you and your community. They work closely with the Corporate Social Responsibility committee to ensure that dollars are kept local and that the wealth is always shared.

Part of their responsibility includes electing a Board of Directors, which consists of 12 members who serve three-year terms. Rest assured, these people have a wealth of expertise, perspectives and connections to the North. Focused on the future, they set the Northern vision and establish policies that will advance the credit union's long-term strategies, principles and goals. Most importantly, they report to members and are accountable for everything they do.

When you get right down to it, Northern Credit Union is a new way of thinking about how you bank. Our profits aren't hoarded away in a giant vault. They're redistributed to our membership and the communities we serve. We give back to the North, because that's the Northern Way. In turn, the growing strength of our membership makes it possible for us to offer some of the best mortgages, loans and investment products around. Helping local businesses creates jobs and helps build a stronger economy, ultimately making our Northern communities a better place to live – what could be better than that?

A MESSAGE FROM

MAC DAVIDSON

BOARD CHAIR OF NORTHERN CREDIT UNION

2013 was a very special year at Northern Credit Union, as we became True North Strong. Seeing the launch of our new brand at the annual general meeting in Thunder Bay, and hearing the overwhelmingly positive feedback from delegates was very rewarding for our Board. It truly reinforced the commitment we'd made to this investment, and to the value we strongly believe the brand brings to you, our members.

A further endorsement came when Northern was honoured with a special award from the Sault Ste. Marie Chamber of Commerce this past fall. The Skipper Manzutti Award is presented by the Chamber's Board to an organization that demonstrates outstanding business achievements. Northern was recognized for the launch of True North Strong, our dedication to the communities we serve, and our new branch model, designed to provide an optimum level of service to members.

Ever mindful of the need to evolve our business strategically, your Board also approved expansion through two different avenues in 2013. First, we broke ground in September on our 26th branch in our 24th community, Petawawa. This is an area of significant growth and development, and Northern will provide retail and commercial business services through our new branch design, which creates an even more positive member experience. Second, we approved the asset purchase of Ontario Northland Railway Employees' Credit Union, and welcomed their members to our North Bay branch.

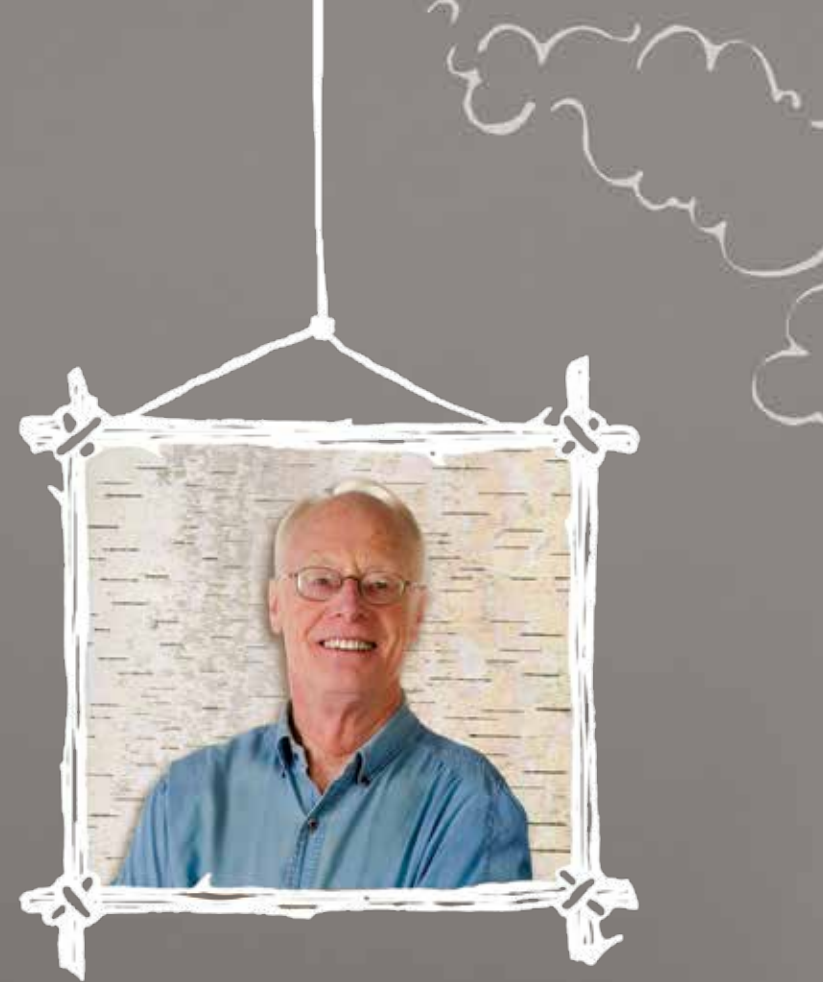
These growth opportunities support the outcomes of our 2013 annual planning session, where the Board and Executive Management Team considered several goals including continued achievement of exceptional governance, as well as the development of principles to guide Northern's response to opportunities presented by mergers and amalgamations.

Delivering quality products, services, professional expertise and guidance, as well as ensuring our position as a strong, sustainable entity – our discussions are always guided by doing what is best for our members.

To our members and delegates, directors, management and staff, and the communities in which we operate, thank you for your ongoing support. Northern Credit Union is committed to providing an optimum level of service and the very best products, and to being the one true financial institution of the North.



Mac Davidson, Board Chair



LET'S GET SMARTER WITH OUR MONEY

Can we become better with our money and do more with it? You bet we can. With the launch of our new website, Northern Credit Union is developing new tools to help you manage your finances. To serve you better, we're launching new features like live online chat, online applications for various products, improved calculators – even a personal financial management tool to help you track your monthly expenses, savings and investments through online banking.

In-branch and online, we're here to help you make sense of all your savings, borrowing, investing and retirement goals. Ask us for a hassle-free financial review today, and let us show you why Northern is a better place to bank.



WAYS TO BANK

FACE-TO-FACE

25 branches in 23 communities means there's always a Northern nearby when you need one.

DING FREE® ATMS

Access one of the largest surcharge-free ATM networks in Canada. Visit ding-free.ca.

ONLINE & MOBILE

Enjoy all the convenience, security and features of daily banking. Wherever you are.

BY PHONE

Bank by phone 24/7, or call your branch and talk to someone who knows you a little better.

CONNECT ONLINE

FACEBOOK

Visit [Facebook.com/NorthernCreditUnion](https://www.facebook.com/NorthernCreditUnion) for regular updates and financial advice you can use.

TWITTER

Follow us @NorthernCU for the latest news and happenings here in the North.

YOUTUBE

See all your favorite videos at [YouTube.com/northerncreditunion](https://www.youtube.com/northerncreditunion)

NORTHERNCU.COM

Learn more about our products, our service and all things True North Strong.



**TRUE
NORTH
STRONG**

BRANCH LOCATIONS

ARNPRIOR	211 Madawaska Blvd. (613) 623-3103
BARRY'S BAY	19630 Opeongo Line W. (613) 756-3097
CAPREOL	10 Vaughan St. (705) 858-1711
CHAPLEAU	34 Birch St. (705) 864-1841
CONISTON	110 Second Ave. (705) 694-4741
DEEP RIVER	87 Deep River Rd. (613) 584-3355
EGANVILLE	237 John St. (613) 628-2244
ELLIOT LAKE	289 Hillside Dr. S. (705) 848-7129
ENGLEHART	50 Fourth Ave. (705) 544-2248
GARSON	3555 Falconbridge Hwy. (705) 693-3411
HORNEPAYNE	84 Front St. (807) 868-2471
IRON BRIDGE	22172 Hwy. 17 (705) 843-1169
KIRKLAND LAKE	13 Government Rd. W. (705) 567-3254
NORTH BAY	525 Main St. E. (705) 476-3500
PEMBROKE	432 Boundary Rd. E. (613) 732-9967
PETAWAWA	Coming summer 2014
RED ROCK	65 Salls St. (807) 886-2247
RICHARDS LANDING	1193 Richard St. (705) 246-3081
SAULT STE. MARIE	280 McNabb St. (705) 949-2644
SAULT STE. MARIE	612 Second Line W. (705) 942-2333
SUDBURY	2380 Long Lake Rd. (705) 522-2111
THESSALON	186 Main St. (705) 842-3916
THUNDER BAY	560 Arthur St. W. (807) 475-5817
THUNDER BAY	581 Red River Rd. (807) 767-1300 <i>(coming in Spring 2014)</i>
TIMMINS	70 Mountjoy St. N. (705) 267-6846
WAWA	208 B Mission Rd. (705) 856-2322

Corporate Office

280 McNabb Street,
P.O. Box 2200
Sault Ste. Marie, ON
P6A 5N9

1-866-413-7071

www.northerncu.com



NORTHERN
CREDIT UNION