

Servus Credit Union GIC – Important Terms & Details

1. What is a GIC?

GIC or Guaranteed Investment Certificate – A secure deposit where your principal (the initial amount invested) is guaranteed and earns an interest rate over a fixed term.

2. Before you buy, make sure you understand:

- the amount you are investing;
- the term and maturity date;
- whether the rate is fixed, variable, escalating, or Market-Linked (also known as 'Market Advantage' Additional disclosure will be provided for these GICs.);
- when and how interest will be paid;
- whether you can access your money before maturity;
- what happens if you do not provide maturity instructions; and
- how your deposit is protected.

3. Key terms

Deposit Date & Issue Date – The date your funds are deposited into the GIC and when the GIC formally starts.

Term – The time period for which the GIC is held, from the Issue Date to the Maturity Date (e.g., 30 days, 1 year, 5 years). Contains the number of days or years until maturity. Servus offers GIC terms ranging from 30 days up to 5 years, subject to availability.

Maturity Date – The date when the GIC term ends and the principal plus unsettled accrued interest become payable.

Registered vs. Non-Registered – GICs may be held within registered accounts (e.g., TFSA, RRSP, RRIF, RESP, and FHSA) or in non-registered (taxable) accounts. Registered GICs follow the additional rules of the account type (such as contribution limits for a TFSA or RRSP).

Redeemable vs. Non-Redeemable – GICs can be redeemable (early withdrawal allowed) or non-redeemable (locked in until maturity). If a GIC is non-redeemable, early withdrawal is not permitted. Redeemable GICs can typically be withdrawn early with or without conditions (see Section 8).

Signing Authority & Account Ownership – If multiple individuals hold a GIC jointly, you will specify to us whether any one owner can act alone ("any to sign") or all owners must act together ("all to sign"). This will determine how instructions (like withdrawals or changes) can be carried out. Joint accounts are typically aligned with right of survivorship unless indicated otherwise.

4. How to open

You may open a GIC with a minimum investment of $1,000, unless a specific product indicates a different minimum.

If you purchase a GIC through an online or phone channel, you consent to the use of electronic communications and signatures as applicable.

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5. Eligibility requirements to buy

Membership Requirements: GICs can generally be held by individual Servus members or jointly by multiple members. Business and trust accounts may also invest in GICs.

Residency and Identification: We require proof of identity and tax residency information prior to opening the GIC. You must provide your Social Insurance Number (SIN) or Business Number (for entities), as required by law for interest reporting. If you are not a Canadian resident, additional documentation may be necessary for compliance with tax laws (e.g., forms for FATCA or CRS).

Restrictions: GICs are typically available to Canadian residents. They cannot be assigned, pledged (as security) to third parties, or transferred, except with our prior consent or as required by law. Servus may consider exceptions for using non-registered GICs and TFSA as loan collateral under certain circumstances.

6. How your deposits are protected

100% Deposit Guarantee: All deposits (including GICs) at Servus are *guaranteed in full* by the Credit Union Deposit Guarantee Corporation of Alberta, with no maximum limit. This provincial guarantee means your principal and accrued interest in any Servus GIC are fully protected, regardless of amount, should Servus Credit Union encounter financial difficulties.

7. How interest works

Interest Rate & Type: Your GIC earns interest at either a fixed or variable rate depending on the product:

- *Fixed Rate GICs:* The interest rate is fixed for the entire term. You know upfront how much interest you will earn by maturity.
- *Rate Builder GICs:* The rate is fixed for each stated period within the term, such as each year of a 3-year or 5-year term.
- *Variable Rate GICs:* The interest rate is based on the Servus Prime rate.

Interest Calculation Method: Interest is calculated counting the first day of the term but not the last day. For one-year or longer terms, interest typically compounds annually (i.e., interest each year is added to the principal and itself earns interest in subsequent years) unless otherwise specified. For terms shorter than one year or non-compounding GICs, periodic interest is calculated and paid at maturity. If it is a simple interest GIC, interest may be paid out at set intervals or at maturity but does not earn interest on interest.

Interest Payment Options: Depending on the GIC type and your choice, interest may be paid in different ways:

- **At Maturity –** Common for many GICs and default for short terms: interest is paid (or credited) together with the principal at the end of the term.
- **Periodic Payments –** Some GICs allow monthly, semi-annual, or annual interest payments to your bank account for longer terms (e.g., an annual interest disbursement for income needs).

Interest Accrual: Interest accrues daily on the principal (including any previously settled interest that became principal, if applicable) from the Issue Date up to but not including the Maturity Date.

Interest After Maturity: Unless renewed, interest does not accrue on the principal after the Maturity Date.

8. Can I access my money early?

It depends on the type of GIC you choose:

- **Non-Redeemable GICs:** You generally cannot cash out before maturity, except in limited cases such as death of an owner or where Servus approves an exception. If an exception is approved, interest may be reduced up to zero and/or a fee may apply.
- **Redeemable/Cashable GICs:** You may cash out before maturity only according to the terms of that product. Some products require you to wait a minimum number of days (e.g., our 1-year redeemable GIC to redeem the full interest) or redeem only on specific dates (redeemable rate builder GIC).
- **No Third-Party Withdrawals:** We will only allow redemptions requested by you (or your authorized representative). You cannot assign or transfer the GIC to someone else for early encashment.

9. What happens at maturity?

- **Maturity Options:** Up to one month before your GIC reaches the Maturity Date, you should instruct us on what to do with the funds at maturity:
  - **Payout:** Have the full balance (principal + settled

interest) paid out to your Servus chequing account or by cheque to you.

- **Renew or Reinvest:** Place the principal (and settled interest, if requested) into a new GIC for a new term. You can choose the new term and product from within our offerings at that time. If you choose to reinvest or renew, you may specify whether to reinvest the full amount (principal + interest) or have interest paid out and only principal reinvested, etc.

- **Automatic Renewal:** If we do not receive your instructions before the maturity date, we will automatically renew your GIC into the same type and term, where available, at the rate in effect on the renewal date. If the same product is no longer available, we may renew it into a comparable product. If no comparable product is available, it will renew into a 1-year redeemable GIC.
  - **Right to Cancel Automatic Renewal:** You have the right to cancel an automatically renewed GIC within 7 days after the renewal date without penalty. The window begins on the investment renewal date. The investment can then be withdrawn on the current date with no interest paid; no other interest penalty or redemption fee applies. Any new investment will be based on existing rates at that time. No backdating is allowed.
- **Maturity Proceeds:** On the Maturity Date (or the next business day if it falls on a weekend/holiday), the full value of the GIC – including principal and any interest – will be handled per your instructions or via auto-renewal if we did not receive valid instructions from you. If set to payout, funds are typically deposited to your designated account or sent via cheque (depending on your instructions) within one business day of maturity.

10. Special circumstances to be aware of:

Mental Incapacity: If an owner becomes legally incapacitated, a court-appointed guardian or an attorney under a valid Power of Attorney agreement can give instructions regarding the GIC, upon providing the required legal documentation to Servus. This representative must act in compliance with the GIC's terms and conditions.

Tax & Reporting:

- **Interest Income:** Interest earned on non-registered GICs is taxable income for the year it is earned (even if not paid until maturity). For terms longer than a year, we will issue annual tax slips (T5) if interest amounts over $50 is earned but not paid (e.g., interest accrued on a multi-year compound GIC). T5 are printed and mailed to members before the last date in February the following year. For registered GICs (RRSP, TFSA, etc.), interest is generally sheltered from immediate taxation, but withdrawals from these accounts may have tax implications as per the rules of the registered products.
- **Social Insurance Number (SIN):** By law, we must have your SIN for interest reporting. You consent to us using and sharing your SIN and relevant personal information with tax authorities as required.
- **Foreign Tax Residents:** If you are a tax resident of another country (e.g., a U.S. person), withholdings or additional forms may be required (e.g., W-8BEN for U.S. persons) to comply with FATCA/CRS. You agree to provide any necessary self-certifications for tax residency. Failure to do so can result in account restrictions until provided.
- **No Tax Advice:** These terms are not tax advice. For personal tax implications (like interest inclusion, RRSP/RRIF minimum withdrawals, etc.), consult a tax professional or CRA guidelines.

Amendments to Terms: We may update these GIC Important Terms & Details from time to time. The terms that apply to your GIC will be provided to you at the time of purchase or renewal, and we will provide notice of changes where required.

Governing Law: These GIC terms are governed by the laws of the province of Alberta and applicable federal laws of Canada. Any disputes will be handled in accordance with those laws.

Joint & Several Liability: For joint GIC accounts, each owner is jointly and severally liable to fulfill all obligations under this Agreement. This means any one owner can be held responsible for the full obligations (e.g., if any debt is owed to us related to the GIC).

Contact Information: You can contact us for any questions regarding your GIC by visiting a branch, calling **1-877-378-8728** or via our **online banking secure messaging.**