

# PERMANENT SHARES

## Fact Sheet - Credit Union Members

### Q. What is a Permanent Share?

A: It represents a member's ownership of, or member's equity in the Credit Union. This amount cannot be withdrawn while the person remains a member.

### Q: Why is it necessary for the Credit Union to implement Permanent Shares?

A: This gives the Credit Union another option for raising capital. It is also in keeping with the International Financial Reporting (Accounting) Standards that require equity to be treated in a certain way.

Since voluntary shares are not considered capital, permanent shares represent members' equity in the Credit Union.

### Q: How is a Permanent Share different from voluntary shares?

A. The money in voluntary shares can be withdrawn, subject to a notice period if necessary. Permanent shares cannot be withdrawn, they can only be transferred when the member decides to give up membership.

### Q: Would my Permanent Shares be the same amount as that of all other Credit Union members?

A: Not necessarily – it may vary from Credit Union to Credit Union based on the capital and/or regulatory requirements to be met by each Credit Union.

### Q: How does a member benefit from having Permanent Shares?

A: It represents your part ownership or equity in the Credit Union and is used for the growth and development of your Credit Union.

### Q: How does the Credit Union benefit?

A. Permanent shares increase the capital of the Credit Union and allows it to undertake expansion and enhancement of services to the members.

### Q: Will I get dividends on my Permanent Shares?

A. Dividends may be paid on permanent shares if recommended by the Board of Directors and approved by members in an annual meeting.

### Q: Can I use my Permanent Shares as collateral?

A. Permanent shares are not intended to be used as collateral. Members have the option of using their voluntary shares to provide collateral for their loans.

### Q: Who and what will determine how much Permanent Shares members will need to have?

A. These decisions will be made by members in general meetings on the recommendation of the Board.

### Q: Can Permanent Shares ever be withdrawn?

A. No, they can't be withdrawn but they can be transferred to other members. In case of death or resignation as a member; the Credit Union may buy back the shares using a special fund called the share transfer fund.

### Q: Are my permanent shares covered by the Credit Union Movement's savings guarantee scheme?

A. No. They are not covered as they form part of the equity of the Credit Union.

**Contact your Credit Union for further information.**

**BE INFORMED**

**PERMANENT  
SHARES IS NOW A  
REALITY IN YOUR  
CREDIT UNION**

