



Credit unions and mutual building societies

Fact Sheet - Government deposit guarantee changes

What is the Government deposit guarantee?

Deposits in APRA regulated Authorised Deposit-Taking Institutions (ADIs) – banks, building societies and credit unions – are guaranteed by the Australian Government. This means that a full Government guarantee stands behind deposits in all Australian banking institutions – credit unions, banks and building societies.

What has changed?

On 7 February 2010, the Government announced the withdrawal of the Guarantee Scheme for Large Deposits and Wholesale Funding on 31 March 2010.

This scheme applies to wholesale funding raised by financial institutions and to large deposits in excess of \$1 million. A wide range of deposit accounts are covered by the scheme, including savings transaction accounts, cheque accounts, term deposits, online savings, pensioner deeming accounts, retirement savings accounts and first home saver accounts.

How am I affected?

Members of credit unions and building societies will continue to have a government guarantee for all deposits up to \$1 million. This has not changed and will continue up to at least October 2011. There is no charge for this guarantee.

If you have less than \$1 million on deposit with your credit union or building society, you are not affected by this change.

After 31 March, members with existing deposits over \$1 million will continue to have access to the Government Guarantee as follows:

- For term deposits – up to the maturity date of the term deposit;
- For at call funds – up to October 2015.

Do I have to guarantee deposits over \$1 million?

No – the guarantee is optional and should be discussed with your credit union or building society.

There is a fee payable for the guarantee of large deposits. The fee will only apply to the portion of the deposit above \$1 million.

What is the last date I can get the Government Guarantee on a large deposit?

The last day to apply for a Government guaranteed large deposit is 24 March 2010.

Current at 8 February 2010

Contact Abacus for more information:

Mark Degotardi, mdegotardi@abacus.org.au; 02 8299 9053

Louise Petschler, lpetschler@abacus.org.au; 02 8299 9034