

# WHAT IS A DIVIDEND?

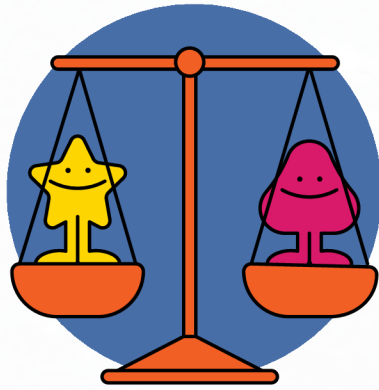


**Each financial year we calculate a dividend for our members based on our performance throughout the year. Before the rate is agreed at our Annual General Meeting (AGM), we would like to let you know some facts about the dividend and dispel some myths surrounding it!**

## What is a Dividend?

A dividend is the division of surplus profit made by the Credit Union to its members. This means that any profit above running costs and statutory reserve\* is given back to you as a shareholder!

Our profit is made through interest on member loans and from a limited range of investments we are allowed to make.



## How is the Dividend calculated and when will I receive it?

Your dividend is based on the average daily balance of your shares throughout the financial year which runs between the 1st of October and the 30th of September. Your dividend will be paid directly to your shares on the day after the AGM. This is payable to all main savings and corporate accounts.

## Our recent Dividend rates:

19/20	20/21	21/22	22/23
1.2%	1.5%	1.9%	2.2%

\*As the Credit Union is governed by the Prudential Regulation Authority and Bank of England, we are required to set aside a percentage of our profit to reserves.

## What impacts the dividend calculation?

Credit unions do not have the same investment opportunities as most banks as our options are limited by regulators. This means that we are also impacted by the bank rates on the financial market.

As credit unions are not the same as banks, the savings rates can differ due to the vast sources of income banks receive.



## What is the difference between interest and a dividend?

Interest is a guaranteed return you earn on your money by lending it to a company or bank. Interest is paid to you regardless if the company or bank make a profit or not.

A Dividend is a shared profit distributed to part owners and is evidence of growth in a company which encourages reinvestment.



## How is our Dividend different from Bank interest?

With SPCU the only requirement to receive a dividend is that you need to have an active account with us! Our dividend is payable on all main savings accounts and corporate shares.

With most banks, to receive a higher rate of interest on savings there may be other requirements such as already holding a current account with them, having a minimum number of active direct debits or other savings accounts with them, and some even have restricted access.



Banks will also usually offer a higher rate for a fixed term to guarantee they have income however the Credit Union does not offer these accounts and allows you 24/7 access to your shares.

Bank interest rates are influenced by increases and decreases with Bank of England base rate. Our savings rates are based on the performance of our loan book and permitted investments throughout our financial year which has seen us continue to increase our dividend and support our members with consistently lower lending rates.

## How can I improve my Dividend?

The greater your savings, the greater your dividend! As we calculate the dividend based on your average daily balance, we encourage you to keep your savings in place as you will earn a greater return!

This does not mean that you cannot withdraw from your shares but it may impact the dividend you receive.



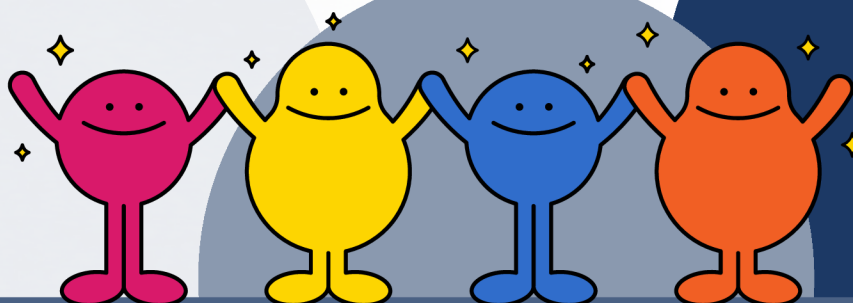
## Who decides the Dividend?

At the end of each financial year the Board of Directors at the Credit Union are required to consider the annual accounts and recommend a dividend to our members who will agree the rate at the AGM. This means that your dividend is paid retrospectively to your account and is based on our performance in the previous financial year.

Members are more than welcome to attend the AGM and cast their vote! *Members may vote to decrease the dividend should they wish, but cannot vote to increase this.*



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