



The Credit Union That Is Different . . . On Purpose!

C U NOTES

Your Shares Are Federally Insured To At Least \$250,000

March 31, 2013

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

DIVIDENDS FOR FIRST QUARTER OF 2013 ANNOUNCED

Yields on saved money continue to be at record low levels. While the yields are small, we continue to pay a dividend in excess of yields available elsewhere, unless it's accompanied by an element of risk not associated with your shares in Knoxville Teachers Federal Credit Union. We repeat our previous position statement that we do not know when yields will return to "normal." Meanwhile, Knoxville Teachers Federal Credit Union paid a dividend on all IRA deposits and on all other deposits (including checking accounts) in excess of \$4,000 at a rate of **0.50% APY**. Funds under \$4,000 received a dividend of 0.15%. Dividends paid are added to your savings balance. Dividends on checking accounts are paid and immediately transferred to savings to assist members who are faithful in balancing their checking accounts.

IT'S OFFICIAL! WE'RE MOVING

Your credit union has been neatly tucked away in the Historic Knoxville High School building for years. We have been in our location in that building for longer than it served as Knoxville High School. We have also been in that building longer than it served as the administrative building for Knoxville City School System.

Times change, of course. The Knox County Board of Education has elected to discontinue the use of this iconic building. It will be placed on the market so it can be put to other uses. We were given notice to find other facilities and even an extension to the time to do so. We are appreciative for both the use of this space for all those years and for the accommodation as we searched for an appropriate new location.

We are glad to announce that within a few weeks, we will be relocated in our new facility at 711 North Hall of Fame Drive. The new location is just a few yards east of our present location. Your credit union will be on the section of Hall of Fame Drive that was formerly known as North Fifth Avenue. This new location will have an easy approach from I-40, Broadway and the downtown areas.

You will see that our new location is not a new and opulent building. We are leasing an existing building that is being renovated for the credit union. Your Board of Directors and management believe that this is the best option for this credit union. While functional, the building is not dripping with splendor. It is the position of the Board and management that the expense of splendor for the working staff of the credit union is not appropriate. Members normally spend only few minutes in our physical locations. With the expanded use of electronic connections, such physical facilities will continue to decline in importance.

The exact date of relocation cannot be precisely given. A good guess is May or early June. We will attempt to make a general announcement at the time of the move. Meanwhile, rest assured that all other locations will remain open and operating.

	2nd Quarter 2012	3rd Quarter 2012	4th Quarter 2012	1st Quarter 2013	Yearly Average APY
Credit Union Premium Shares	0.5%	0.5%	0.5%	0.5%	0.5%
Credit Union IRA	0.5%	0.5%	0.5%	0.5%	0.5%
Bank 6 Month CD*	0.22%	0.19%	0.18%	0.17%	0.19%
Bank 1 Year CD*	0.34%	0.3%	0.27%	0.26%	0.29%

(Rates are as of first of each quarter.)

The yield rate printed on your statement is the composite rate of your first \$4,000 and the remainder of your share deposit.

**Published by www.bankrate.com*

GETTING ZIRPED?

We all are getting ZIRPED. This is especially true of Senior Citizens living on fixed incomes. Since 2008, when the Federal Reserve began buying mortgage backed securities to "solve" the financial crisis, we have all been subjected to a *zero interest rate policy* (or ZIRP).

To some extent, this zero interest rate policy has worked. The stock market is up from 2008. Bank stocks especially have improved. But in our world (meaning the real folks who are not heavy into stocks and bank ownership), ZIRP is a failure. Zero interest is not growing the economy and it is not growing jobs.

Unemployment is still high. And, then there is that worrisome decline of the purchasing power of the dollar even in a world of declining currencies.

Now, the kicker is that the inflation rate is in excess of two percent. Only in the past four years has Knoxville Teachers Federal Credit Union paid less than the rate of inflation. In many years, we were able to pay more than two percent *over* inflation. It is easy to see that with rates near zero and inflation above two percent, your savings are being diluted by at least two percent each year. Another way to say it is that your purchasing power of your savings has decreased while just sitting there doing nothing for you. Some might call it a stealth, non-voted on tax. This may be transferring as much as \$200 to \$300 BILLION DOLLARS from the savings of the prudent savers of our nation.

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

Farragut Office
147 West End Avenue
Knoxville, TN 37934
(865) 582-2701

North Office
108 Hillcrest Drive
Knoxville, TN 37918
(865) 582-2702

Powell Office
7315-C Clinton Hwy
Powell, TN 37849
(865) 582-2703

Clinton Office
125 Leinart St
Clinton, TN 37716
(865) 582-2705

South Office
203 E. Moody Ave
Knoxville, TN 37920
(865) 582-2704

World Headquarters
104 E. Fourth Avenue
Knoxville, TN 37917
(865) 582-2700

All locations are open 9-5 weekdays,
except May 27 (Memorial Day)

**Virtual Branch - <http://www.ktfcu.org>
24-Hour Telephone Teller - (865) 582-2800**

Halls Office
3722 Cunningham Rd
Knoxville, TN 37918
(865) 582-2706

Bearden Office
410 Montbrook Ln.
Knoxville, TN 37919
(865) 582-2707

Carter Office
8709 Strawberry Plains Pk.
Knoxville, TN 37924
(865) 582-2708

Anderson Co. Courthouse
100 N. Main St, Room 123
Clinton, TN 37716
(865) 582-2709
(10 - 4:30, Mon - Fri)

Oak Ridge Office
304 New York Ave
Oak Ridge, TN 37831
(865) 582-2710

Soon To Be:
711 N. Hall of Fame Dr.
Knoxville, TN 37917
(865) 582-2700

GOT A NEW CREDIT CARD AND A DISCOUNT?

Many merchants are offering an "in store" credit card and will even give you a special discount on your purchase if you sign up for their new card. It is very tempting to accept the new card to get 5% or 10% off of a purchase. Usually, there is an added feature of "no interest for twelve months" or a similar special offer. We can't question the benefit of such actions.

Have you gotten to the end of the special "no interest" period and still have a balance? If so, you probably know that a very high interest rate will be applied and most likely retroactively to the beginning of the offer. (Ouch!!)

Many economists predict a sharp rise in interest rates within the next two years. Now is a good time to begin your plan to get out of debt. Your credit union can help.

One possible defense is to consider a loan from your credit union to pay off that balance. That will help you in two ways. You will repay at a much lower credit union rate of interest and the interest will not be retroactive but will begin on the day you get the credit union loan to pay off that new card balance. (Change that "ouch" to a sigh of relief.)

ANNUAL AUDIT UNDERWAY

The Supervisory Committee is charged with an annual audit to assure compliance with law and regulations. Peters & Associates has been engaged to perform the audit. Review your account statement carefully. If you have questions, contact the auditing firm shown on your statement. *Please do not send payments or deposits to the CPA firm.* It will only delay the receipt of those funds.

MYTHS OF MARRIAGE AND MONEY

There are some common myths about money and marriage. One myth is that when one marries, the debts of the new spouse automatically become attached to the other marriage partner. Not true! Each individual continues to owe any debt from prior to the marriage. The new partner is not legally obligated for any old debts. He or she may assist in paying down or paying off the debt but there is no way the lender can "come after" the new wife or husband.

Frequently, however, the old debt can become jointly owed if a loan or mortgage is refinanced or if new debt instruments are executed. If a credit card is provided to the new spouse, it frequently becomes a joint debt. If a home mortgage is refinanced, the new spouse will be required to sign the new mortgage instrument and frequently be required to sign the new note. When that second signature is added to the note, the debt becomes jointly owed. (But this does not mean that the home is jointly owned!!)

Our advice is to try to keep debt separate, if possible. Don't rely on the experience of a second cousin or brother-in-law to make good decisions about your affairs. What you heard may not include all the facts and you may find yourself relying on a myth.

Since divorce is a possibility in marriage, another myth to explode is the false belief that the divorce decree can divide debts between the two former spouses. When two marriage partners make a debt together, that joint debt survives divorce. You and the ex-spouse may agree -- the two attorneys may agree and even the judge may agree -- to divide the debts. The lender is not a party to the divorce nor any related agreement. The lender can continue to look to both for repayment. The lender will continue to report the repayment record on both parties.

Displaying the divorce decree to a lender will not change the history of the debt. It was made jointly and will be owed jointly until repaid or until the lender agrees to a new and individual repayment contract. The lender is not required to agree to a new and individual contract.

We hope this explosion of myths will not discourage marriage nor cause anyone to remain in an unbearable relationship. When you make a personal and life changing decision, take the time to find out the facts that could affect your new life.

THE RIGHT SIDE OF THE DECIMAL

Libraries have pretty much abandoned the Dewey Decimal System in favor of a more efficient system. Still, the decimal is a very powerful thing and especially for its size.

When yields on money are considered, the decimal has emerged as a very important element. Old timers can recall when this credit union paid dividends that were considered only on the left side of the decimal such as 6.0% APY. In time of inflation, the number on the left of the decimal would climb and a number on the right side of the decimal was only marginally noted.

Who would have ever dreamed of a time when all of the yield was stated on the right side of the decimal? But for now and for some time to come, yields will be compared by looking at numbers on the right side of the decimal. For those who had discovered the opposite sex in the eighth grade and failed to pay attention in class, the numbers on the right side of the decimal are mighty darned small. As one of our observant members pointed out, "The yield on my savings is on the poor side of the decimal."

December 31, 2012

<u>ASSETS</u>		<u>LIABILITIES</u>	
Loans	\$107,764,371	Shares & Deposits	\$170,813,574
Securities (net)	68,227,498	Regular Reserves	8,790,367
Share Ins. Deposits	1,669,823	Undivided Earnings	8,898,622
Equipment & Fixed Assets (net)	217,521	Dividends Payable	0
Other Assets	10,634,516	Misc. Liabilities	11,166
Total	\$188,513,729	Total	\$188,513,729