



Defiantly Determined to Be Different

# C U N O T E S

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

March 31, 2014

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

## DIVIDENDS ANNOUNCED FOR FIRST QUARTER OF 2014

The dividends for the first quarter of 2014 remain unchanged. All shares in IRA accounts and all other share accounts in excess of \$4,000 earned a dividend of 0.50% APY and shares below \$4,000 were paid at a rate of 0.15% APY. Once again, we take no pride in the level of our dividend but we do point out that these rates are about twice the national average rate for one year certificates of deposits. Some commentators are speculating on the timing of the change to the Federal Reserve's policies that have resulted in this record low yield on savings. We are convinced that the longer the program, the greater trauma of the change when it comes. The rate paid on deposits in the Deferred Compensation 457(b) accounts remain unchanged as well.

## THE GREAT PAJAMAS INITIATIVE

OK, we acknowledge that sounds a bit quirky. It is not as quirky as it sounds. Knoxville Teachers Federal Credit Union's strategy has been headed in this direction for years. While all banks and most credit unions have become more and more committed to brick and mortar facilities, your credit union has gone in a different direction. We have not built impressive main offices or branch locations. Instead, we opened somewhat modest locations to provide convenience to members rather than splendor for your employees.

As a part of that, we have also invested in electronic conveniences for members. Even from early days when telephones and the US Mail were the only means of communication, we relied heavily on the telephone to help members accomplish their goals without the need of a personal appearance. Now, many other modes of communication are open to us. We are striving to add more and more avenues for members to access their shares and loans through alternate means.

We are working to allow members to manage their funds and have use of their credit union from the comfort of their home or other locations. Members should be able to do almost all transactions while dressed in pajamas with your hair uncombed. Thus, our efforts are dubbed "the Great Pajamas Initiative."

Our staff appreciates each visit to any of our locations. We hope you don't come in wearing pajamas but even so, we'll be glad to see you. But, if you want to pay a bill, transfer savings to checking, or pay your restaurant bill in Paris or many other transactions, go to [www.KTFCU.org](http://www.KTFCU.org) and enjoy the comfort of your home.

## LET SOMEONE ELSE DO IT

A current mantra is that prosperity will return once enough Americans borrow enough money to spend our way to the good times of full employment and prosperity. Our recommendation is: Let someone else do that. Whether you believe in the "trickle down theory" or the "trickle up theory," we believe that this is a good time for an individual to go against the grain. Your purchase of a flat screen TV will not put the country on the road to prosperity. But if each teacher put aside a portion of income into saving each month, the personal financial well being of that one teacher would be significantly better off.

An effective way to make a monthly increase in your financial standing is to contact our credit union and instruct us to make a monthly deposit by payroll deduction. Even a small monthly savings is worthwhile. You can begin your monthly savings by calling (865) 582-2700. Say, I want to start or increase my monthly savings.

	2nd Quarter 2013	3rd Quarter 2013	4th Quarter 2013	1st Quarter 2014	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*	0.17%	.017%	0.15%	0.15%	0.16%
Bank 1 Year CD*	0.26%	0.24%	.024%	0.24%	0.24%

*(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](http://www.bankrate.com)*

## CAR BUYING TIPS

The first tip is to not buy a car at all unless yours is completely worn out or wrecked. The car you own is the cheapest car you can drive even if you don't get the great gas mileage that is advertised in that new car ad on TV. Just the sales tax on a new car will buy lots of tanks of gasoline.

The next tip is be sure of your financing before you head to the Motor Mile. To give you a head start, remember the number \$18. That is the current monthly payment for each \$1,000 borrowed to buy a new car. That will pay for the car in five years if you have a credit union loan to be repaid by payroll deduction or direct payment.

Tip number 3 is to be prepared for the dealer to offer a lower monthly payment. How can we be sure? We know that dealers can offer you a *six or even seven year repayment contract* which does result in a lower monthly payment. That scheme puts you in "upside down land," a place from which few ever return.

OK, so your car is not running and costs too much to repair, or it is totaled by your insurance company. Then our final tip:

Go to dealers and sit in cars until one turns you on. Do the \$18 math to see if it still turns you on. Then sign the sales contract with the magic words just above your name, "subject to financing at Knoxville Teachers Federal Credit Union." Then call us. If we verify that the deal is not too bad and that you are able to live with payments for the next sixty months, you can use any of our eleven locations to get a check to exchange for the new set of wheels.

## KNOXVILLE TEACHERS FEDERAL CREDIT UNION

**World Headquarters**  
711 N. Hall of Fame Drive  
Knoxville, TN 37917  
(865) 582-2700

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

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

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

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

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

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

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

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

**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

All locations are open 9-5 weekdays,  
except May 26 (Memorial Day)

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

## WAS HENNY PENNY RIGHT?

After several years of repetition of the declaration that public schools are broken by the TV talking heads and the bloggers, the premise has become a “truism” that appears to have been made a part of the American story. Gone are the days when a teacher was held in respect and even reverence. Maybe the idea of the saintly old school teacher was as far fetched as today's generalizations of ineptness and failure. When global warming was declared, there were voices from the first moment questioning it as a fact and even direct challenges. We want to be a voice to question the “truism” that public schools are failures.

Our position is **OUR SCHOOLS ARE NOT BROKEN!** The very nature of public schools has a “built in” challenge to quality. Public services of all types are governed by public oversight of course. That translates as *political oversight*. That is the way things are done in a republic operating in a democratic process. Recently public bodies have begun to have oversight of other services such as financial and medical services. We have all heard of the pain to the medical community and your credit union can provide testimony to the inefficiencies and flattening of human judgment in the financial community. Political oversight of schools is a necessary fact but also inflicts discord. But, without political oversight, we do not have public support and we become an isolated and diminished force who talks to no one except ourselves. But we must work to bring a balance to oversight of our schools. Educators must be included in that balance.

America was successful in transitioning from an agricultural society into an industrial one. During the growth of education in the 20th Century, the industrial model was superimposed on public schools. Quality control was important in industry and was a logical step and testing was a result. Testing in schools came quickly after that. Production of test scores became an unfortunate purpose of education rather than an assessment tool. Educational principals were altered to fit the industrial model. Perhaps it is time to reconsider this and make changes in which teachers are a major part of the decisions.

Improvement of schools from the outside of education replaced improvement from within. During a period of greatest improvement of education, the struggle to improve teaching is by teachers themselves.

We certainly acknowledge that many of the problems of our society are reflected in our schools. The “fix” for education must be made in both society and in schools. Meanwhile, targeting teachers with continual criticisms accomplishes little toward a universal “fix.”

Knoxville Teachers Federal Credit Union is operated by teachers. All of your officers and many of the management team are teachers or former teachers. We are one of the few credit unions in the state that has operated successfully while maintaining the traditional role of credit unions that serve one uniform community – teachers and school employees. Most credit unions now serve the general community. We are a part of the educational community and we support your continued efforts to remain resolute and calm. We reject Henny Penny's repetitive assertion that schools are broken and the sky is falling. The sky is not falling over the nearest school building.

## A BENEFIT ENDS THIS YEAR

As mentioned in a prior newsletter, the loan protection insurance that was provided as a member benefit and at no additional cost to borrowing members will be terminated in the last part of 2014. This benefit is no longer available for our purchase and will end at the end of our contract with the insurer. We are able to continue the coverage through September 30, 2014.

## TAX TIME CONSIDERATIONS

If you had to send in additional taxes for 2013, you may want to increase your withholding from your monthly income source. If you do not, then we recommend you start a savings habit now to prepare for the 2014 tax report. You can arrange that by calling 582-2700 and instructing the credit union to increase your payroll deduction or allocation of your direct deposit to savings.

Another way to reduce your tax burden for this current tax year is to put more into a long term tax shelter. A traditional IRA is one way to accomplish that. Again, a phone call to your credit union is a good way to start that process.

An even better way is to begin a regular monthly deposit to a 457 (b) Deferred Compensation Plan. This savings account is tax sheltered and pays a dividend that is considerably higher than is currently available elsewhere. You must be an employee of Clinton City Schools or Knox County Schools to enjoy this benefit. We are hoping other schools systems will accept our offer to partnership with your credit union in offering this benefit to employees.

## CLOSE OF 2013 REPORT

As is our practice, we submit our report to members on the financial condition of the credit union as of the end of the year. A quick review will show that we continued to control growth even though we are now accepting modest additions to savings. Our Reserves continue to grow. One of the important factors not shown below is that our operating expenses continue to be among the lowest of credit unions of our size.

December 31, 2013			
<u>ASSETS</u>		<u>LIABILITIES</u>	
Loans	\$103,170,081	Shares & Deposits	\$168,653,155
Securities (net)	72,206,072	Regular Reserves	8,615,195
Share Ins. Deposits	1,654,054	Undivided Earnings	10,402,181
Equipment & Fixed Assets (net)	619,044	Dividends Payable	0
Other Assets	10,026,089	Misc. Liabilities	4,809
<b>Total</b>	<b>\$187,675,340</b>	<b>Total</b>	<b>\$187,675,340</b>