



Founded by Teachers for Teachers

C U N O T E S

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

June 30, 2014

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

DIVIDENDS ANNOUNCED FOR SECOND QUARTER OF 2014

The dividends for the second 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, the level of our dividend is not historically impressive 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.

We get inquiries from concerned members who ask when rates will begin to go up. No one is more unhappy with the current interest rate environment than your credit union officers and management. In those discussions with members, a frequent comment is: "I don't like these low rates." Quickly followed by: "But, you are paying better than anyone else – especially when I consider that my funds are not tied up at these low rates in a certificate."

HOWDY, STRANGER!

You should not be surprised to be greeted this way in your own credit union or even in any small local bank with which you've done business with for years. Maybe we won't go that far but you could be surprised that you may be treated as a stranger by order of the federal government - even by Knoxville Teachers Federal Credit Union.

The very same folks who have known you for most of your adult life and have helped you with your first car loan, your first home loan and even with your retirement years are now forbidden to rely on that long relationship. A recently implemented law known as the Dodd-Frank Law has established a list of ratios and questions that must be used to govern your relationship with your primary financial institution. Under the guise of protecting the consumer, you and your credit union must go through steps that are not needed to provide members with the services of the credit union that they own! The Dodd-Frank Law was passed in the early days after the Wall Street event of 2008 and 2009 in an attempt to control the predatory schemes of a very few large banks. Unfortunately, the "one size fits all" approach left even exclusive credit unions like us in the same cell with some serious offenders.

We have seen the shocked look on faces that are familiar to us when old friends are subjected to these new requirements. It is tempting to selectively ignore those requirements but the potential of heavy fines on the credit union and even the threat of jail has put human judgment beyond our reach. We don't expect to adopt the "howdy, stranger" routine but we do hope that long time members of Knoxville Teachers Federal Credit Union will help us deal with this brave new world.

	3rd Quarter 2013	4th Quarter 2013	1st Quarter 2014	2nd 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%	0.15%	0.15%	0.15%	0.15%
Bank 1 Year CD*	0.24%	0.24%	0.24%	0.23%	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*

BECOME A HUNDREDAIRE

There were 1,682 new millionaires in the country in 2013. That is almost five new millionaires per day including Saturdays, Sundays and national holidays when banks are closed!

Even at that rate, becoming a millionaire is a challenge. Most credit union members are still working on it. We'd like to suggest another goal. How about setting a goal of becoming a HUNDREDAIRE? True, the idea of a second home at the beach and using a private jet to a cruise destination may not be a part of a hundredaire's life but there are other advantages. With a few hundred dollars put away, the small emergency tire replacement is no longer anything more than making a good decision on safety and tread pattern. As a hundredaire, you can pay off the month's use of that credit card with no interest charges to the card company.

A recent research study by a Massachusetts Behavioral Science authority revealed that the swagger of a hundredaire is indistinguishable from that of a millionaire in 92.7% of cases. If you'd like a bit of swagger in your life, a good way to become a hundredaire is to call Knoxville Teachers Federal Credit Union at 865-582-2700 and say, "I'd like to start savings by payroll deduction or direct deposit."

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

East/Downtown
711 N. Hall of Fame Dr.
Knoxville, TN 37917
(865) 582-2700

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

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

All locations are open 9-5 weekdays,
except July 4 (Independence Day)
and September 1 (Labor Day)

Virtual Branch - <http://www.ktfcu.org>

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

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)

END OF A LONG STORY

For over sixty years, Knoxville Teachers Federal Credit Union's members have enjoyed a membership benefit that is ending. Loan protection insurance that paid debts remaining at a member's death or total disability was provided at the expense of the credit union and not paid by the insured member. This benefited borrowing members and increased the prospects of recovery for depositing members. When more and more credit unions found that they could no longer pay for this benefit, Knoxville Teachers continued. Finally, we became only one of two credit unions in the state that continued this benefit.

The underwriting insurance company, CUNA Mutual Group, made a business decision to terminate providing this coverage and informed us of that decision in 2013. Our contract required them to continue the coverage until September 30th of this year. We have been announcing this change in every issue of this newsletter since that notice. This issue is accompanied by a disclosure prepared by the insurer. That disclosure is to meet legal requirements on the insuring company.

Of course, not everyone will be opening an envelope. Members who have elected to save the credit union postage costs will have the disclosure available to them by way of the web site in the same manner that the newsletter is provided. Once again, we point out that this change is not one made by your credit union but by the insurance industry.

URBAN LEDGENDS

From time to time, a member will ask for our help in "getting Momma's house out of her name." The motivation usually is a fear that Momma will go to a nursing home along with the associated expenses. When asked, the reason given is that "the nursing home will take the house."

Wrong! Or at least, there is much more to the story. The facts are that checking into a nursing home has many of the same financial factors as checking into a hotel. Hotels and nursing homes expect you to pay when you check out. If a nursing home client pays the cost each month, there is no other cost when the end arrives except that final month's bill.

The cost of nursing home services can exceed any retirement income and social security benefits. If retirement and social security do not meet all the expenses, then the money Momma saved for old age is used.

When a nursing home patient can no longer meet the monthly bills, our society has deemed it proper for old and sick citizens to be cared for. That is when the State of Tennessee pays any shortfall through an agency named TennCare. (Other states have similar agencies.) TennCare keeps a record of their costs for each patient. By state law, that remaining cost is owed to TennCare. It is only when the deceased person's estate is being sold and distributed to heirs is the obligation due AND ONLY TO THE AMOUNT that has been paid by TennCare.

Example: Momma's short stay in the nursing home costs \$3,000 per month. She has an income of \$2,000 per month. That means that \$1,000 is paid by TennCare each month. Momma lives for an entire year in this situation. Before her heirs are able to divide up the last month's income, sell the house and head off to Vegas, TennCare simply requires that the \$12,000 (\$1,000 for each of the twelve months) be returned to the state prior to any heirs making travel plans.

So, we recommend that before you swallow that Urban Legend, don't spend the money on the cost of transferring the home and cause Momma to have the stress of "giving away her home." Spend your time and energy toward making Momma happy in her last months. Momma's accumulation in life is to be used for her and by her. The TennCare law that is the basis for this Urban Legend simply is intended for the state to recover what the state spent before the children and grandchildren go celebrate how frugal and self sacrificing Momma was.

And as a final note, did you know that if Momma "gives" away her home, it could generate a Gift Tax to the IRS?

CHECKING ACCOUNT FEES?

Knoxville Teachers Federal Credit Union members rarely or perhaps never pay a fee associated with their checking account. While most Americans paid in excess of \$80 per year to use a checking account, your credit union takes pride in how we can deliver a good checking account service without looking at members as a revenue source.

In fact, members of Knoxville Teachers Federal Credit Union are paid a dividend on checking account balances. This dividend is paid to members at the end of each quarter. If you look for it on your checking account statement, you will see a dividend entry on the last day of the quarter. Look even further you will see that this dividend was immediately transferred out of the checking balance into your savings account. This is a long time practice by this credit union to assist those members who carefully balance their check book with the credit union's record. We discovered that this dividend created what appeared to be an imbalance between the two. So, we pay a dividend but it ends up in your savings account. Few, if anyone, balances savings accounts. They just enjoy watching it grow.

WAY TO GO, MEMBERS!

The stock market loves increased borrowing. And, the Federal Reserve considers increased debt as a positive indicator. But members of Knoxville Teachers Federal Credit Union are going against the grain by reducing personal debt. Since the early days of the Great Recession starting in 2008, a consistent reduction in the total debt per member has been the pattern among members of Knoxville Teachers Federal Credit Union. In fact, debt has been reduced by almost \$4,000 per member since September of 2008. Getting out of debt may not be good for the economy but it sure is great progress for the individual credit union member. We congratulate our members for good financial management.

One of the ways members have reduced personal debt is by consolidating debts with Knoxville Teachers Federal Credit Union to accelerate debt reduction and, in many cases, reduced monthly payments. If you have debts or if you are considering a major purchase, look first to the credit union that has "teacher" written all over it. We are the credit union that is designed by teachers for teachers and other school employees.