



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

# C U NOTES

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

September 30, 2012

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

## DIVIDENDS FOR THIRD QUARTER OF 2012 ANNOUNCED

Yields on saved money continue to be at record low levels. While we are not proud of the dividends payable on September 30, 2012, we are able to say we have not reduced dividends even though many other depositories have seen yields continue to sag. 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 **.50% APY**. Funds under \$4,000 received a dividend of **.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.

## LOOK FOR THE SMALL SIGNS

Knoxville Teachers Federal Credit Union has carried the label of "The credit union that is different -- on purpose" for many years. One of the many differences is that we have small signs to identify our locations. The signs are small because our locations are small. Neither are accidental. You simply won't find any Knoxville Teachers Federal Credit Union's locations on main thoroughfares nor in large impressive buildings. We have not invested in expensive real estate for the use and enjoyment of credit union employees. After all, how much splendor do members want or need to provide to their employees?

If you are working in a spanking new school facility, you are also aware of the many others who are working in aging facilities. Quality of education is not completely dependent on the building in which it occurs. We have followed that logic in location and selection of our locations. We have chosen to have more convenience than splendor. That choice means that teacher/members have fewer miles to drive to reach us. That choice has also produced some efficiencies as well. Knoxville Teachers Federal Credit Union has traditionally operated at about 60% of the cost of operations for the large building/large sign credit unions. Small signs produce big savings and service.

For the first time visit, this choice works against us. But, once a member finds the small sign, the problem is solved once and for all. GPS is no longer needed. Your credit union's locations are not selected for visibility but for ease of use for the duration of your membership. We hope you agree with our decision even though it is different -- on purpose.

## DIED, DIVORCED, MARRIED OR JUST CHANGE YOUR MIND?

Life keeps changing. Most of us focus on the change and how to move on. One thing that many people forget is that they have signed account agreements that now may be out of date and even harmful if left unchanged. If a life changing event has happened to you or you just changed your mind, review your account agreement with us to be sure it is what you want today.

It would be a good idea to review your will and/or powers of attorney you may have granted in the past. And is your insurance beneficiary still appropriate? We recall the advice of a wise old woman who said she looked at her will every New Years Day and had her attorney look at it every five years. She lived a long time and outlived several heirs. Maybe you will, too!

	4th Quarter 2011	1st Quarter 2012	2nd Quarter 2012	3rd Quarter 2012	Yearly Average APY
Credit Union Premium Shares	0.7%	0.5%	0.5%	<b>0.5%</b>	0.55%
Credit Union IRA	0.7%	0.5%	0.5%	<b>0.5%</b>	0.55%
Bank 6 Month CD*	0.28%	0.25%	0.22%	<b>0.19%</b>	0.24%
Bank 1 Year CD*	0.41%	0.43%	0.34%	<b>0.3%</b>	0.37%

*(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)*

## FREE GIFT FROM THE GOVERNMENT WHEN YOU DIE!!

Yes, finally we are able to announce something absolutely free. (Up until now we didn't trust anyone offering "free.")

If you die without a will in the State of Tennessee, guess what? You get one provided to you by the State. Its called dying intestate. No, that's not a disease. It's a condition of being dead with a will written for you by the State of Tennessee.

There is a downside. (Isn't there always a downside?) Even though it is free and you don't have to do anything to have a government issued will, you might really rather have a say in how your life's accumulation is to be disbursed. And, you might prefer that your family has it a bit easier in handling your affairs. But, you may like how the government does things. (Think IRS.)

We don't recommend that you rely on a GI will to handle your affairs. What we DO recommend is that you contact an attorney you trust and say those hard words, "I think I would like to discuss a will." Most attorneys will recommend that you consider creating a power of attorney and a device called a medical power of attorney. The really good news is that you can always change, improve, expand and otherwise replace your will. Most wills start with something like, "By this, I revoke all previous wills and replace it....."

Go on, get on with this task. Make it easy on your family. You are going to like how you feel when you've completed it.

## KNOXVILLE TEACHERS FEDERAL CREDIT UNION

**World Headquarters**  
104 E. Fourth Avenue  
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 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 November 22 (Thanksgiving),  
December 24 (Christmas Eve) and December 25 (Christmas)

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

### TEACHER RETIREMENT

Officers of Knoxville Teachers Federal Credit Union have been active in promoting and protecting teacher retirement funds for over forty years. We are glad to report that Tennessee Consolidated Retirement System is among the top teacher pension funds in the nation when ranked by solvency and soundness. We have been assured by members of the State Legislature that there are no plans afoot to divert funds from the pension system or default on the pledge to contribute sufficiently to keep it safe.

Nevertheless, teachers and other school employees should take steps to supplement their retirement. There are several ways to do so and shelter some of your income at the same time. Most school employees are aware of the features of a 403B investment. However, there is only one tax shelter available to teachers that is both a sheltered plan and federally insured. That option is only available by participation in Knoxville Teachers Federal Credit Union. Currently only school employees of Clinton City and Knox County Schools are able to participate. We hope to have an agreement with Oak Ridge City Schools soon. Your credit union has taken the steps to be authorized by IRS to hold funds for school employees. These funds are not invested but are a part of insured savings. Since IRS is involved, you may assume that some rules are in place. We invite you to call us to inquire about the Deferred Compensation (457b) savings.

### RELIEVED TO BE A LOSER

A neighboring state hosts an "Ugly Dog Contest" each spring. We haven't entered our dog. But we considered it once and it occurred to us that if you don't go home with a ribbon you can be comforted by knowing you have the prettiest dog in an ugly dog contest.

We know how that loser must feel. We've had that very feeling over these past several months as dividends have fallen to depths never experienced before - not even during the Great Depression. Yes, we can explain it and have explained it too often before. Loan rates have dropped to record low levels, our federal regulator has piled on huge assessments to pay for others' mistakes, and Congress has increased the depositor insurance coverage to \$250,000, which has increased insurance premiums. (Even though it is called "federal insurance," no thinking person assumed it was without a cost to the insured.)

Yes, our dividend rates are ugly. But, after looking around at the competition, we are proud to have the prettiest dog in the contest.

### Report to Share Holders: Why \$250?

We are pleased to report that a surge of new members has taken place in these past six weeks. Newly employed teachers responded well to the invitation to become a Knoxville Teachers Federal Credit Union member.

Some of these new members may have wondered why an investment of \$250 in shares is required for full membership. They are correct that this is not the normal "ticket punch" to be a member in most credit unions. An explanation is in order.

A five, ten or even twenty-five dollar "entrance fee" is not a significant amount. In fact, it does very little for the member or for the general membership of the credit union. It is the new member's first signal that your credit union is serious about helping you build a personal savings. This credit union wants you to be serious in building a long term relationship that is designed to help control debt and to build personal assets.

It is typical for most new members to make this deposit and then transfer other debts including credit card debt to their new credit union. After a period of debt reduction, a \$250 savings account is a logical place to build on that base of savings. The \$250 required share deposit belongs to the member. It earns a dividend that is admittedly low at this time, but it does earn a dividend.

Being a full member in a \$250 credit union includes other larger returns. Saving members enjoy a fee free checking account and a debit card with no monthly or annual fee. Borrowing members benefit from life and disability insurance on their loan balances up to a full \$30,000 at no additional cost.

There are many other major reasons for the requirement but there is another unintended result. Some members move to other parts of the country. When that happens, a five dollar deposit is hardly worth the effort to retrieve during the other disruptions of such a move. However, a \$250 plus dividend deposit is significant enough to cause the departing member to retrieve his belongings. A phone call will cause a check to be sent to you.

What happens to those abandoned five or ten dollar deposits? Most are forgotten and the money is finally absorbed by those five dollar credit unions or surrendered to the respective state governments as abandoned properties.

Would you rather be a part of a five dollar operation or be invested in a credit union that works to help you build a significant life savings?

When \$250 is at stake, your credit union will invest more effort to find the owner and the owners are more likely to recover it. After all, it is not a membership fee but an asset you own.

### THE OLYMPICS ARE OVER

Like you, we watched the opening and closing ceremonies and many of the contests of the 2012 London Olympics. We must admit that there was a bit of nostalgia for some of our old members who remember with the pride the Atlanta Olympics of 1996. That was the year that Knoxville Teachers Federal Credit Union was the proud sponsor of the U. S. Yo-Yo team. Looking back, we recall the thrill of seeing our team march in the opening exercises. Well, not the entire team, of course. One of our slower moving team members was being restrained by the event guards but we were glad he was caught on camera for a few seconds at the exit. Unfortunately, the ugly events that followed during the next days showed the officials lack of appreciation for all of our preparation and practice. We believe our uniforms still have not been equaled even by this year's effort. For those who missed the Atlanta Olympics and the Knoxville Teachers Federal Credit Union's yo-yo team coverage, you will want to refer back to the spring and fall issues of NOTES, 1996...which we're sure you've carefully preserved.

While none of the team were successful in gaining entrance to the closing ceremonies in Atlanta, we are happy that the final chapter of that effort ended happily when the last member was paroled in 2003 and returned to Knoxville.