



A Credit Union That is Non-Toxic and Organic

# CU NOTES

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

March 31, 2015

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

## DIVIDENDS FOR FIRST QUARTER OF 2015 ANNOUNCED

The dividends for the first quarter of 2015 remain unchanged from the most recent dividend rates. 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 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. (After the continued but incorrect predictions that rates are about to rise, the astonishment alone will keep the talking heads on TV talking. But then, that's what they're paid for.) The rate paid on deposits in the Deferred Compensation 457(b) accounts remains unchanged as well. Let's see what happens next quarter.

## BANKING FEE REMINDER

We want to remind members that one of the benefits of membership in Knoxville Teachers Federal Credit Union is your credit union's fee schedule. For the most part, it is what is provided to members without a fee. "Free" is a word that is distasteful to your lowly scribe. It really is a deceptive word. Nothing of value is really ever "free." It is either paid in some other way or is given in exchange for your time or expenditure in some other fashion. And, normally, the value of your time or other expenditure is the more valuable of the two.

We acknowledge that many services or benefits are provided to members without an additional fee. From time to time, those services are referred to as "free." But it ain't so and that's with a capital AIN'T!

We do not criticize banks or other credit unions for charging for services. Most of those have operational costs which force them to resort to a profitable fee schedule. Because, YOU, our members allow us to operate in a more efficient way, we are able to avoid relying on fees to pay for the operational costs. So far, members have not insisted on drive through windows nor office buildings with costly splendor. Teachers are a practical lot. We, as teachers, don't need a potted palm to conduct business. And, most members know that your credit union staff will accommodate you if you cannot navigate the few steps from your car to the credit union door. We've been known to respond to more than one call from a cell phone with the explanation that walking is difficult or impossible. Curb side delivery by us is not as routine as Sonic but we've done it.

For the foreseeable future, members should not expect to see your credit union in expensive "digs" or even a potted palm. Members will not be told they are going to get something "free." A service may be provided without an additional cost. We have simply included the cost in the operations of your credit union. This traditional approach has caused Knoxville Teachers Federal Credit Union to be ranked in the top tier of credit unions in the nation when ranked by efficiency of operations.

	2nd Quarter 2014	3rd Quarter 2014	4th Quarter 2014	1st Quarter 2015	Yearly Average APY
Credit Union Premium Shares	0.50%	0.50%	0.50%	<b>0.50%</b>	0.50%
Credit Union IRA	0.50%	0.50%	0.50%	<b>0.50%</b>	0.50%
Bank 6 Month CD*	0.15%	0.15%	0.15%	<b>0.15%</b>	0.15%
Bank 1 Year CD*	0.23%	0.24%	0.25%	<b>0.25%</b>	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)*

## DEPOSITS ARE WELCOME

It is hard to comprehend why anyone would turn down money. But over these past five years or more, your credit union has sheltered itself from large transfers of deposits, especially from other financial institutions. That condition has ended and we now can accept any deposit that is offered.

Over those past five years, your credit union has paid a dividend that is about double the rate being paid on one year certificates of deposit. We received offers of large deposits from across the nation. To protect our ability to pay a dividend of any significance to our core members, we had to put a shield around our deposit window. Even during that time, we continued to take deposits from members if the funds were new to the members. (Inheritance, sale of home, etc.) We simply needed to protect all members from having their savings yields diluted from money that likely would have stayed with the credit union only until the financial crisis had passed.

With that said, we are able to move on to less unusual times and accept your deposits as you find it to your advantage. We hope this announcement and explanation is useful to you.

## KNOXVILLE TEACHERS FEDERAL CREDIT UNION

**East/Downtown**  
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 25 (Memorial Day)

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

## SAVE LIKE YOU'RE SERIOUS

We all know and agree that we should be saving for the future. However only a minority of people actually set out a plan to save. Your credit union offers a good starting point. Just give us a call and say, "I seriously want to save." We will help you start a monthly deposit from your salary. It can be as little as \$10 per month. Not much, you may say, but if only ten dollars a month is saved you will have over \$120 at the end of the year that would have been spent and out of your control.

Long range savings in a tax shelter is an even better way to accomplish real savings. Employees of Knox County Schools and Clinton City Schools are eligible to save in Knoxville Teachers Federal Credit Union's Deferred Compensation Plan (457b). These two systems have entered into the simple agreement with this credit union to make their employees eligible. Even during these uniquely low yielding years, that rate has never dropped below two and a half percent!

How does Knoxville Teachers Federal Credit Union tax shelters compare with other tax shelters? Your credit union's DCP or IRA deposits are not investments. They are savings! The yield over the past two or three years of recovery as reflected in the stock market effect on 403(b), 401k or in mutual funds has been sharply up. Your credit union yields in that period have been more modest. However, your credit union deposits are not subject to potential losses due to stock market panics or losses.

If you are nearing retirement and saving has become a serious matter to you, shifting some part of your savings into safe and federally insured savings at Knoxville Teachers Federal Credit Union is good strategy. Deposits from pension or social security to tax shelters of any kind are not allowed by IRS restrictions.

## CREDIT UNION MEMBER STOPS GLOBAL WARMING!

In early January, your credit union made several car loans but one stands out as unique. The member bought a hybrid to combat high gasoline prices and global warming. Since gasoline prices dropped soon after, we assume one goal was reached immediately. And, within a month, the Knoxville area was socked by near record lows on temperature. So low that schools closed for two weeks!! Hey, we don't make this stuff up. Check your local library for weather reports!

We recently did a follow-up on the effects of the car loan. We asked several questions about member satisfaction. The member was pleased that she had caused some relief at the pump for her fellow teachers. She also took pride in the reversal of global warming. She was asked what she liked best about the whole event. With pride, she pointed out that her credit union offered her such a low interest that she would have made the same decision even if it had caused spring to come early. She did note some regret that the two weeks off didn't come at a time of better weather.

There's always something.

## TAX TIME CONSIDERATIONS

If you had to send in additional taxes for 2014, you may want to increase your withholding from your monthly income source. A better idea might be to find a way to shelter more of your income from taxes. Even if you do neither, we recommend you start a savings habit now to prepare for the 2015 tax report or for a better future. 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.

A traditional IRA is a one way to manage and put off taxes. 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. Additionally, the annual amount allowed for this tax shelter is much higher than the limits for an IRA. The combined deposits in an IRA and a 457(b) are federally insured. Currently, you must be an employee of Clinton City Schools or Knox County Schools to enjoy this benefit. Oak Ridge City School System is in the process of exploring a partnership with your credit union to offer this benefit to employees. We will report on that as progress is made.

December 31, 2014			
<u>ASSETS</u>		<u>LIABILITIES</u>	
Loans	\$101,747,857	Shares & Deposits	\$170,459,424
Securities (net)	78,942,761	Capital Reserves	19,915,057
Share Ins. Deposits	1,644,041	Misc. Liabilities	55,290
Equipment & Fixed Assets (net)	595,309		
Other Assets	7,499,803		
<b>Total</b>	<b>\$190,429,771</b>	<b>Total</b>	<b>\$190,429,771</b>