



Content: High in Sodium

C U N O T E S

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

March 31, 2016

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

DIVIDENDS ANNOUNCED FOR FIRST QUARTER OF 2016

Our one year old increase in dividends takes a pause in the first quarter of 2016. We had hoped to continue to lead the other places of deposit into a higher level of return for money on deposit. We detect no movement in the national or local averages. While we expect to resume our measured increases, your credit union's dividend for the period from January 1 to March 31 remains the same as the last quarter of 2015. A dividend was posted to your shares on March 31, 2016, by a rate of 0.58% APY on all IRA deposits and on all other shares above \$4,000. Shares below the \$4,000 level earned 0.15% APY. Shares deposited by participating members who are employed by Clinton City Schools and Knox County Schools in the 457(b) special program continue to earn at 2.5% APY. We are hoping the other school systems we serve will authorize this special tax shelter for their employees soon.

WHEN WILL RATES INCREASE?

Quick confession: We don't know. Savings rates historically have been set by some natural laws of economics. The old Law of Supply and Demand was one of the major factors in controlling rates of yields on savings. Currently, the rates on savings are being artificially set by the Federal Open Market Committee (FOMC). The idea was that it would encourage borrowing and investing. Of course, another agency has set out to make borrowing more tedious for borrowers and lenders and therefore we have had an anemic recovery from the Great Recession.

When our government or governmental agencies are involved, what could go wrong? History fact: Did you know kudzu was introduced by the government to control erosion of the 1930s? How is it doing?

THERE ARE SOME QUESTIONS WE MUST ASK

This credit union was founded by seven teachers back in 1932. In the 84 years of service to teachers and other school employees, members have come to the credit union to apply for loans for just about every worthwhile or even frivolous purpose. For most of that time, members were asked only a few questions. How much do you need to borrow?

Then we would ask how the member chose to repay the loan. Now, by law and governmental regulation, we must ask many intrusive questions. We really are as uncomfortable as you are when we ask some of the required questions.

One of the more absurd questions is your ability to repay which boils down to "can you afford to make the purchase you are about to make?"

The obvious answer is "Heck, no! If I could afford to buy the car, I wouldn't be borrowing the money!" No longer is it as simple as that. Now, we have governmentally provided formulas and ratios to apply to any loan application. It's the 21st Century, let's get over it. We must continue to ask, you will continue to respond and we will make the loan whenever possible.

	2nd Quarter 2015	3rd Quarter 2015	4th Quarter 2015	1st Quarter 2016	Yearly Average APY
Credit Union Premium Shares	0.550%	0.570%	0.580%	0.580%	0.570%
Credit Union IRA	0.550%	0.570%	0.580%	0.580%	0.570%
Bank 6 Month CD*	0.15%	0.15%	0.17%	0.15%	0.155%
Bank 1 Year CD*	0.25%	0.28%	.026%	0.26%	0.26%

(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*

LIFE IS NOT A TENURED POSITION

As we witness friends and family members die, we must recognize that life is a serious business but by no means permanent. We have little control over life but let's look at the "little" part. We can control spending. We can control saving. Those two factors contribute to the thing called financial security.

Here are a few truths that financial security or lack of it will validate.

- It is better to have money than not.
- A nice smile and money will get you further in life than a nice smile alone.
- Be pleasant to the clerk when making a purchase, but count your change.
- It is less stressful to write a check if money is in your checking account.
- Riding a bike without a seat will keep you on your toes but so will being out of money.

Life may not be permanent but it is serious enough to live it well. Managing your money is a part of living it well. Knoxville Teachers Federal Credit Union is a good place to be while you are living your life.

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

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711 N. Hall of Fame Drive
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(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 30 (Memorial Day)

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

IN YOUR REAR VIEW MIRROR

Ever notice the printing on many automobile side view mirror? "Objects may appear closer than they are." Or is it the other way around? The Federal Open Market Committee (often erroneously referred to as "the FED") has been teasing depositors with a promise of improved yields on savings for the past two or three years. So, is it closer than it appears or is it further into the future?

All of that was said to point out that your credit union is entirely unique in the way dividends are paid. ALL DIVIDENDS are paid for the period just past. So, all dividends quoted by us are "in your rear view" mirror. Your credit union began increasing dividends in April of 2015. Yes, a tiny increase but the beginning. At the time of this writing, the debate goes on about future increases by the FED. Even if the general yield increase began yesterday, Knoxville Teachers Federal Credit Union started at least six months earlier. Our expectation is to remain ahead of the curve.

Along with other saving members, we have been dismayed by the record low yields on savings but we have been proud that our quarterly dividends on open saving accounts have been about double the yield on time deposits of up to a year. (As long-time members know, we have avoided requiring members to commit to leaving their money for a set period of time. We firmly believe that the owners of money should retain full control over it ALL OF THE TIME.)

TALLEST SHORT MAN IN TOWN

Past newsletters have taken pains to point out that we recognize that current yields on savings are nowhere near what members are accustomed to. But we also think it is important to remind members that Knoxville Teachers Federal Credit Union continues the pattern of paying a dividend that is markedly above the yields available where funds are safe, insured and available immediately when the depositor needs his own money.

To be candid, we expected yields to be much higher at this point. But even with the action of the FED during the last weeks of 2015, no rise in yield rates on deposited money has resulted. Our credit union began a slow increase in early 2015 even though our yields had continued to be almost double rates for six month or one year CDs. We know that we sound like we are bragging that we are the tallest short man in town. But, we feel it is important to note that your credit union is your best option when adding to your savings.

There is talk currently of a negative interest rate! We would like to point out that many Americans already are receiving a negative interest on savings. When your savings earns you a rate that is less than the cost of living increase, it actually is a negative rate. If your money purchases fewer beans and less butter after a year, your money has a negative gain in value. If you add earned interest to your money and it still buys you fewer beans and less money, then the interest rate is negative.

This message is from an old grouch who can do arithmetic.

ARE WE THERE YET?

Any time spent in an automobile with small children will usually be punctuated by that question. We have been asking the same question lately as we feel our world speeding toward total governmental control or involvement in all parts of life. The Dodd-Frank Law is having an increasing impact on all levels of financial affairs. One dismal thought is that less than half of the law has been implemented as of this date while regulators continue to draft the remaining regulations for the law.

Members of Knoxville Teachers Federal Credit Union who have benefited from a credit union mortgage loan in the past are dismayed at the inserted steps now experienced when a new loan is processed. The same four pieces of paper are still used. (1. The warranty deed transferring the property to the buyer from the seller. 2. The promissory note saying that you are borrowing money and will pay it back by the terms in the note. 3. A deed of trust that assures the credit union the promissory note will be paid. 4. The check to the seller.) Massive additional documents are required with the stated purpose to give clarity and disclosure to the consumer. As most know, those documents actually serve to obscure the entire process.

We regret that a simple purchase has been fossilized into a tedious and stagnated process. As T. H. White wrote, "Everything not forbidden is compulsory."

Are we there yet?

December 31, 2015

ASSETS

Loans	\$102,413,451
Securities (net)	82,676,121
Share Ins. Deposits	1,646,418
Equipment & Fixed Assets (net)	548,683
Other Assets	7,330,435

Total	\$194,615,108
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LIABILITIES

Shares & Deposits	\$173,386,477
Capital & Reserves	21,178,380
Misc. Liabilities	50,251

Total	\$194,615,108
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