



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

C U NOTES

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

June 30, 2018

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

DIVIDENDS FOR SECOND QUARTER OF 2018 ANNOUNCED

Finally, there is some movement in interest rates paid to savers after the longest and lowest period in our credit union history.

The second quarter has been profitable for your credit union because of a healthy increase in lending. That provides the income to pay dividends, of course. We hurry to say that each quarter's dividend must rely on the earnings of that quarter. To be clear, while not expected, some future quarters could reflect a lower dividend than this quarter (April 1 to June 30).

We continue to monitor yields paid by other financial institutions. A very small uptick encourages us to stay ahead of them by making some changes in this quarter's dividend. Members who have been members for some time will recognize the three tier method that we are re-introducing this quarter. Clearly, it benefits the larger depositors because those depositors make larger and more profitable loans possible.

Your Board of Directors approved a dividend rate of **0.20% APY** on shares up to \$5,000. Shares from \$5,000 to \$50,000 earned a dividend at the rate of **0.60% APY** and all shares in excess of \$50,000 earned a dividend of **0.80% APY**. All shares in IRA accounts earned **0.80% APY** on the entire deposit. Those who participated in the DCP 457 retirement program will continue to receive that same superior rate paid for the past several quarters.

STILL TEACHERS

Over the past several years, almost all credit unions have converted their charter to "community charters." That small change made significant changes to those credit unions. That classification means that the credit union can enroll anyone in the community as members. The most significant change is the relationship between the credit union's officers and management and the owner/members of the credit union. Our observation is that it becomes difficult for those officers and management to view members as anything other than as "customers."

When you see the word "teachers" in our name, rest assured we take that seriously. We're still exclusively for teachers and expect to remain so. We frequently have people come in or call in to become a member of KTFCU. They are shocked or bewildered when we explain that membership is open only to those within the school systems we serve.

Would we grow in size with a community charter? It is likely that we would grow rapidly. Growth in size is not a high priority. (Even though we are in the top twenty-five credit unions in Tennessee when ranked by asset size). The growth we have worked toward is a growth in service. We have consciously worked to retain the personal relationship with members even while adopting technologies as they have become available and as requested by the membership.

Occasionally we poll the membership. To date, every poll has indicated a preference for Knoxville Teachers Federal Credit Union to serve teachers, other school personnel and their immediate families. We are still teachers. Our officers are teachers. Our tradition is teachers and we believe our future is teachers.

	3rd Quarter 2017	4th Quarter 2017	1st Quarter 2018	2nd Quarter 2018	Yearly Average APY
Credit Union Premium Shares	0.58%	0.58%	0.58%	0.80%	0.64%
Credit Union IRA	0.58%	0.58%	0.58%	0.80%	0.64%
Bank 6 Month CD*	0.16%	0.17%	0.19%	0.21%	0.18%
Bank 1 Year CD*	0.27%	0.30%	0.32%	0.37%	0.32%

*(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.
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SPECIAL SWIMSUIT EDITION

As always, the June 30th newsletter is our Special Swimsuit Edition. We take this opportunity to remind members once again that your credit union takes care to be frugal with the assets of your credit union. Most other institutions print annual reports in multiple colors on heavy bond paper along with pictures of people you don't really know.

Some years ago we began our annual swimsuit edition but without the pictures that accompany those other publications' swimsuit editions. Our members will participate by reading our summer edition while attired in their own swimsuit (hopefully, in the privacy of their own wading pool, out of sight from the street.) Think of how much of your money we save. We've done our part. Now it's up to you.

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

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

South Office
7359 Chapman Hwy.
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
8537 Asheville Hwy.
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 July 4th (Independence Day)
and September 3rd (Labor Day)

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

DRASTIC DECLINE IN BIRTH RATE

Recent demographic data released by the federal government shows a significant decline in the birth rate. Further discussions include the likely results which include the problems of an aging society, under funded pension funds and many more troubling issues.

To address this issue, the current generation of leaders are trying to bring back a hippie mantra. Make love not war. Older Americans would remind us that in their day, they did both and did it quite well.

We don't take a position in that debate. We do, however, offer our explanation as to why Americans of parenting age avoid becoming parents. It's the child car seats. It is simple as that. Child car seats are complicated. They will wear you out getting babies and children legally attached or urgently unattached to a car or van. When young couples see the struggles involved in car seats, the other benefits of parenting quickly fade.

In keeping with our belief that one should not identify a problem without a possible solution, we offer our advice. Make the regulations concerning child car seats to be included in the next round of regulation reduction and elimination. Replace it with "use common sense and do the best that you can." We believe you would see a marked increase in the number of births in our nation. There. That's our opinion. Feel free to adopt it as yours.

By now, you may be wondering why Knoxville Teachers Federal Credit Union is concerned with demographics and related matters. The more astute reader will instantly know that it is to remind you that your credit union is available to assist members when they step forward and bravely purchase that first child's car seat. And, the need to trade in the hot set of wheels for a van may bring on other opportunities for your credit union to help eliminate one of the struggles of parenting. We remain different on purpose.

A DIFFERENT APPROACH. #5

Your credit union has long acknowledged that we are different – on purpose. This is the fifth in a series of discussion of some of the ways we seek to provide a different benefit to members.

DO MORE BUT SMALLER OFFICES MAKE SENSE?

We are frequently asked why our satellite offices are so small and why do we have so many? First, we have locations in several places in Knox and Anderson County because we serve teachers and school employees who live and work in all parts of the counties. Not only convenience, but also safety of members are issues when locating a service center. No matter how useful a credit union is to an individual member, it stretches logic to believe that a person who lives and works in the far east or west (or north or south, for that matter) end of the county would drive to 711 North Hall of Fame after a day in the classroom to make a loan to pay off a high interest credit card. The stress of driving and the time involved would induce that member to continue with the high interest or to try to find one of the many credit unions who are willing to serve anyone who can hop, skip or jump in.

OK. That takes care of "why" we have eleven locations when most credit unions of our size would have only two – maybe three – locations. Does it make sense? There has to be a cost to that many locations. Yes, each location involves some rental costs plus the cost of communications to those locations to make sure that any transaction is promptly made a part of the record in the same manner as if the member has walked into World Headquarters.

The physical facilities available over these eleven locations are another consideration. Members have been complimentary over many years as to the modest style of all of our locations. One large and impressive branch office typically provided by most credit unions have a combined cost for construction, maintenance, property taxes and insurance that matches or exceeds the combined cost of our current eleven smaller and more modest locations that are selected for the convenience and safety of our members.

This last factor helps to explain something that is known by only a few members. That "something" is that Knoxville Teachers Federal Credit Union has an operating cost that is consistently only about 60% of that of credit unions of our peer size. Being frugal does not always require doing with less. We offer more locations but do so for less cost.

OK, RUSSIA. WE'RE WATCHING YOU!

Knoxville Teachers Federal Credit Union is not the only ones watching out for Russian hackers. Hillary, Donald, the FBI and even Bernie are all watching for Russian hackers. Because your credit union has worked hard to bring members the best and latest conveniences of this electronic world including applying for a loan on your iPhone or transferring money to your daughter in college from your home or classroom, we know we have to be on guard.

We invest in the best security available and regularly engage security firms to test and evaluate our many systems to assure ourselves and our members that any persons of evil intentions are blocked from access to your credit union funds.

Are we bullet proof? No one is, but we believe we are prepared to a point that agents of evil would find other targets easier and more rewarding. We are sworn to protect your assets and financial affairs from all enemies both foreign and domestic. We're watching you, Russia, and all you others as well.