



The ONLY Credit Union With an OFFICIAL SEAL!

# C U NOTES

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

June 30, 2019

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

## DIVIDENDS FOR SECOND QUARTER OF 2019 ANNOUNCED

Low yields on savings continue. While low interest rates have stirred the economy through new business investment and expanded consumer levels, the depositors bear much of the burden. There are many factors contributing to this current condition. The Federal Open Market Committee (FOMC but commonly referred to as the FED), has indicated a drop in interest rates is possible within the next few months. The move by European depositors and investors to the U.S. has flooded the liquidity of our economy. This flight to U.S. markets is the result of a desire for perceived safety as well as a continuation of negative interest being paid in Europe. (While hard to believe, European depositors must invest in bank CD's of ten years or more to receive even a small positive interest rate. There is no mystery why those funds are placed in the American economy.)

Even U.S. depositories struggle to pay dividends due to the low interest income from lending. That explains why many banks resort to higher fees and other sources of income.

Your credit union has been in a pattern of slightly increasing dividend rates over the past year. We have been able to move those rates up even while reducing loan interest rates. Many other places of deposit have had to consider reduction of yields on deposits. Your credit union is working to avoid a return to those record low levels of dividends, but for now we are in a "wait and see" status. After careful consideration, your Board has authorized rates of dividends that are not changed from the prior quarter. The first \$5,000 of deposits continue to earn a dividend of **0.25% APY**. Then a second tier from \$5,000 to \$25,000 earned **0.60% APY**. All shares in excess of \$25,000 and the entire deposits in IRA and retirement accounts were paid a dividend of **1% APY**. The deposits in the 457(b) accounts will continue to receive the dividend paid over the past several quarters.

Members are reminded that these dividends are for the period of April 1 to June 30, 2019. Rates for the third quarter will be determined at the end of that quarter.

### CAS SAID IT FIRST

Big enough to serve you. Small enough to know you. Cas Walker was a long time local TV personality and political figure. Few Knoxvilleians of his era were neutral in their opinions of him. Most older people in the Knoxville area have their favorite Cas Walker quote. His original area of success was as a grocery merchant. His genius was in marketing.

His grocery stores were in competition with larger grocery chains of the day. But since most people did find what they wanted in his crowded isles, he could rightly claim to be "big enough to serve you". Since he liked to identify himself with the little guy, he would add that his stores were "small enough to know you".

Like Cas did when looking at his competition, Knoxville Teachers Federal Credit Union acknowledges that Bank of America and Chase Bank are a bit larger in asset size but we will challenge any financial institution – large or small – to be more focused on the people we serve. If we don't know you, it is because you haven't taken advantage of full membership services – yet. Find us online or visit one of our 11 offices to see what we can do for you.

### SUMMER TIME IS SWIMSUIT TIME

We always look forward to the Swimsuit Edition of Knoxville Teachers Federal Credit Union's June 30 newsletter. This is an excellent opportunity to point out that your credit union operates in a very frugal manner with members' money. We have elected to publish our swimsuit edition without those expensive color layouts.

We do encourage members to participate in the summer season by reading this edition wearing only your latest pool side attire. Enjoy summer. It will end too soon.

	3rd Quarter 2018	4th Quarter 2018	1st Quarter 2019	2nd Quarter 2019	Yearly Average APY
Credit Union Premium Shares	0.90%	1.0%	1.0%	1.0%	0.98%
Credit Union IRA	0.90%	1.0%	1.0%	1.0%	0.98%
Bank 6 Month CD*	0.26%	0.30%	0.38%	0.42%	0.34%
Bank 1 Year CD*	0.44%	0.50%	0.68%	0.70%	0.58%

*(Rates are as of first of each quarter.)*

*The APY rate printed on your statement is the composite of your share deposit yields as described above.*

*\*Published by [www.fdic.gov](http://www.fdic.gov)*

### INVESTIGATIONS, AUDITS, EVALUATIONS AND EXAMS

The recent and current tsunami of investigations and audits gives us an opportunity to remind members that banks, credit unions and all other financial institutions are long accustomed to the rigors of annual audits and examinations. We know that teachers are especially burdened by evaluations. We are glad to report that we have had very high marks from our annual audit and federal examination. Even though we are very pleased with our recent contacts with our auditors and the federal examiners, we are happy these visits are over for a time. Sound familiar?

## 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 4 (Independence Day), and  
September 2 (Labor Day)

Virtual Branch - <https://ktfcu.org>

### SPECIAL NOTICE TO MEMBERS WHO USE VIRTUAL BRANCH SERVICES

Soon after this newsletter is distributed, members will discover a change in the appearance of your credit union's Virtual Branch. Frankly, we were quite satisfied with the older version. The change is due to a merger of some of the data system vendors we contract with to provide members the convenience of electronic banking services.

Even though we would have been happy to continue the previous system, we do recognize that some improved and new features will come with the conversion to the next system. What do you have to do to accomplish this change? It will require creating a new user name and password when the change is made. Other than that, nothing much else is required except to make yourself familiar to the new system. It can be compared to upgrading your smart phone. Hopefully, even easier.

One of the new features will be a fuller disclosure to members about savings accounts. You will be presented with all accounts with which you have some interest. Even your 457(b) accounts and the accounts of family members who have listed you as a joint owner will be available to members when they log on.

We know that change is difficult sometimes. You'll likely find things you like, and things you don't. We do believe and hope that after a short time, you will be pleased with the changes.

### MONEY BEFORE LUNCH

More and more members of Knoxville Teachers Federal Credit Union are taking advantage of the "on line" loan processing. Those members have learned that they can make an application for a loan in the morning and have the money in their checking account before lunch, without leaving their couch or classroom.

This is not really a new service. Your credit union has processed hundreds of loans in exactly this way in the past two years. Teachers are busy. We know it. This credit union was founded by and is owned by teachers. That is why we continue to structure the services of your credit union to fit the busy lives of teachers and school employees. Of course, family members benefit from the same services that seem to best accommodate teachers.

To take advantage of these benefits, you can start at [ktfcu.org](https://ktfcu.org).

### WHAT MAKES A CREDIT UNION DIFFERENT?

*This is the first of a series of articles to help members better understand the differences found in credit unions from those of other financial institutions.*

Banking has been around in some form for a millennium or more. Credit unions have a much more recent history. They have been found in America for about one hundred years. They were formed as mutual aid societies. Employees of a single employer would join together to pool resources to provide for small loans for any worthwhile purpose. As time passed and employment patterns changed, so did credit unions.

But the character of credit unions remains influenced by those first founding purposes. There were no wealthy stock owners. The owners were the people who joined with the other members. Thus, credit unions are owner operated. They get the benefit of ownership by being paid a dividend on their ownership shares. The credit union does not pay corporate taxes since all of the corporate earnings are distributed to members who in turn pay taxes. As member/owners, they pay income taxes on those dividends. In this manner, credit unions are considered non-profit corporations.

As owner/members, they are in an oversight position concerning the management and control of the credit union. In a later article, we'll discuss the way member/owners exercise this position and meet the responsibilities involved.

### THE DEPOSIT WINDOW IS OPEN

Some years ago, your credit union had to join with other institutions to reduce dividends on savings. After a short time those other institutions dropped even more. While your credit union set our feet and would not drop even further, pressure developed to accept large transfers from those paying much less. To protect long term depositors from even more punitive rates, your credit union began to turn away deposits except for regular savers or for those who had received funds from new income such as the sale of home, inheritance, etc. In short, the object was to protect depositing members from rates declining even more. That period of time in which deposits had to be limited to new income is OVER. The deposit window is open.

Lending at Knoxville Teachers Federal Credit Union is growing and your deposit can be profitably utilized to make those loans. So we repeat, *THE DEPOSIT WINDOW IS OPEN AT KNOXVILLE TEACHERS FEDERAL CREDIT UNION.*

### OUR NAME AND OUR MISSION DON'T CHANGE

One of the major banks in the Knoxville area has announced that their name is changing. Old timers are used to this. There have been many bank names that have come and gone in Knoxville over the years. As banks merge or are sold to other financial entities, names are just one of the changes made.

Knoxville Teachers Federal Credit Union was founded in 1932 and has retained the name and the mission selected by those seven teachers. The mission? To encourage thrift and to provide a reliable place to borrow when a need or opportunity arises.

Once, in the past century, we did insert the word "federal" in our name. That occurred when deposits in Knoxville Teachers Federal Credit Union became federally insured. We should note that no member lost a dime of their share deposits during all of those years before your credit union began to pay the premium for that depositor insurance. And, for that matter, nothing has been lost afterwards!

With time and growth, Knoxville Teachers Federal Credit Union now serves school employees in the larger Knoxville area. But our mission to serve teachers and school employees in several public school systems and private and parochial schools remains the same. We think you've probably benefitted from this consistent attention to our mission. If you have, do your coworkers and family a favor and introduce them to us so they can enjoy the same benefits.