



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

# C U NOTES

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

March 31, 2020

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

## DIVIDENDS FOR FIRST QUARTER OF 2020 ANNOUNCED

Even during this record setting low interest rate period, there is talk about another decline in rates. Your credit union's Board of Directors declared a dividend that maintains the rate being paid over the past five quarters. These dividend rates are made possible by a steady surge in loan growth which produced the necessary income to maintain our dividend rates. Additionally, loan growth has allowed a reserve growth that will likely protect members from any decline that may occur in the near future. Dividends were posted to your share (savings) account on the last day of March. The dividend for the first quarter (January 1, 2020 to March 31, 2020) are at 1% APY on all deposits in excess of \$25,000. Shares on deposit between \$5,000 and \$25,000 were paid a dividend of 0.60% APY. Shares under \$5,000 earned a dividend of 0.25% APY. For comparison, we provide a chart elsewhere on this page. As always, comparisons are based on rates in effect on the first day of the quarter. (January 1, 2020.)

Shares in Knoxville Teachers Federal Credit Union are federally insured under the provisions of the National Credit Union Administration. Shares on deposit in the 457(b) tax shelter accounts will continue to earn a dividend at the same rate as the past several quarters.

### DIVIDEND RATE OUTLOOK (The short range outlook)

Your credit union has a long held principle in setting dividends. The dividend rate is declared at the end of the quarter. Doing this allows us to ensure that members receive a dividend based on the conditions of the quarter with no guesswork. This quarter's dividend illustrates that very well. The dividend comparisons by competing financial institutions are based on dividends on January 1, 2020.

Obviously, that same principle would strongly suggest that members should expect lower dividend rates for the second quarter that ends on June 30, 2020. The effect of the very unusual actions by the Federal Reserve Board in these past very few weeks will likely be clearly evident on June 30.

### FEEL CUT OFF FROM THE WORLD?

You may be cut off from a part of your world due to "social distancing". Or, maybe it's as simple as you haven't given your credit union your current cell phone number. More and more Americans are relying on cell phones to stay in touch. If you have not given your cell phone number to us, you are cut off from those few but critical times we need to consult you about your membership account. While we have taken every possible precaution to protect your account from scammers and hackers, there are times when we would like to confirm or consult with you about an out of the ordinary transaction on your account.

We promise to NEVER sell or share your cell phone number. And we won't use it to try to sell you a service you have no interest in. Next, we promise to use it only when we believe it is to your advantage to do so. And, finally, we promise to use the most unobtrusive method possible. (We text instead of interrupting you with a phone call, when appropriate.) Most importantly, we'll NEVER call you to ask for a password or other account information.

How do you go about updating your contact profile? Just call us. We will handle it from there. Our phone number is 865-582- 2700. Or email us at KTFCU.org. If you send us an email, include enough information to assure that we will connect your new information to the proper membership. Don't remain disconnected with an important part of your world.

### DIVIDEND RATE OUTLOOK (The long range outlook)

Predicting the future is a risky business. We won't try it. However, these past weeks have been volatile in all aspects of the economy. "Volatile" is a word that has become too common in recent months. The FMOC has taken some unexpected moves to boost the economy during a time when the economy is producing amazingly good reports. But the possibility of a world wide virus infection and some other factors have caused economic concerns nevertheless.

Additionally, European countries and some Asian countries are experiencing negative interest rates on deposits. As depositors in those countries move their money into the American banking system to escape negative returns, the pressure to continue to pay even the currently low returns is challenged in the US banking system. To date, no US financial institution has resorted to actually charging depositors to store their money.

Will it happen here? Our first statement can be repeated. "Predicting the future is a risky business." But we can promise that your credit union will be among the last, if not the VERY LAST, financial institution to resort to negative dividends.

	2nd Quarter 2019	3rd Quarter 2019	4th Quarter 2019	1st Quarter 2020	Yearly Average APY
Credit Union Premium Shares	1.00%	1.00%	1.00%	1.00%	1.00%
Credit Union IRA	1.00%	1.00%	1.00%	1.00%	1.00%
Bank 6 Month CD*	0.42%	0.45%	0.41%	0.38%	0.42%
Bank 1 Year CD*	0.70%	0.71%	0.59%	0.54%	0.64%

(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

## KNOXVILLE TEACHERS FEDERAL CREDIT UNION

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**South Office**  
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147 West End Avenue  
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**Halls Office**  
3722 Cunningham Rd  
Knoxville, TN 37918  
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**North Office**  
108 Hillcrest Drive  
Knoxville, TN 37918  
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**Bearden Office**  
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Knoxville, TN 37919  
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**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

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

## KTFCU IS A RENTAL AGENT

No, your credit union is not operating a car rental, motel reservation service nor any of the other rental of good or services. This is to clarify the function of this credit union. We lend money to members. The member then returns the “rented” money on a monthly repayment plan. Each monthly payment reduces the remaining amounts still due. A part of that monthly payment is paid as interest or rent for the use of the “rented” money.

Any rental agency collects rent that becomes the profit of the company. The same is true of your credit union. The next question is what happens to the profit? There are three uses of the profit. Of course, payment of the cost of operation is one. A small amount is placed into a reserve to meet future and unexpected costs. The largest portion is paid to the investors and owners of the credit union.

The owners and investors of the credit union are those members who have shares (savings) in the credit union. If you received this newsletter, then it includes you. All members are required to invest at least \$250 to have full membership benefits. So, if you are a borrowing member, you pay interest or rent to the credit union and you also receive a dividend which is your part of the profit.

So, your credit union is in the rental business. We rent money.

## IS YOUR LIFE DISORGANIZED?

Is your Christmas tree still up? How about your porch pumpkins? If you can't find the sink for the dishes, then you do need help. If those things are undone, then it is very unlikely you are doing a good job on paying credit card bills.

To be honest, you are beyond our help. Wait, no! We can help with those credit cards. In fact, we do that about every day. Lots of your fellow members are behind on their lives, too. To get started on regaining control, come in with your credit card bills and let's have a talk. Will we shame you? Not as much as you deserve but we try to be gentle. What do you have to lose?

Come on in and we'll have a good laugh together about how reckless you have been. It's time, isn't it? And while you are here, could you dust behind the chairs?

## CRIME, MONEY LAUNDERING AND TAX REFUNDS

If you are getting a tax refund this year, (and many Americans are) perhaps we can offer help in keeping that money clean. It would be a crime to let a tax refund disappear into your normal cash flow and then out of your pocket.

If you have debt, pay off as much of that debt as your refund will allow. A strategy tip: If you have more than one debt, concentrate the refund toward the smallest of your debts in hopes you can pay off that debt entirely. That will serve two purposes. It will reduce the amount of interest you will pay in the future *and* it will entirely free you of one monthly payment. That monthly payment amount is much like getting a pay increase.

If you are debt free, we congratulate you and in the same breath encourage you to add that refund to your long term savings. You have been lending that money to Uncle Sam interest free. Now is the time to move it to savings to earn a yield on that savings.

As to crime and money laundering, let's face it. You wouldn't have taken the time to read something entitled, “how to save your tax refund,” would you?

## BLACK FRIDAY BLUES?

Were the bills you made on Black Friday still unpaid on Super Tuesday? Do you think you will be free of them by Independence Day? If not, perhaps it is time to take two self improvement steps.

Step one: Consider a credit card consolidation loan from the credit union but scheduled with payments sufficient to pay them off in a short time. Yes, those monthly payment may be larger than the very seductive payments offered by credit card companies who really want you to always have an unpaid debt to assure a permanent income from the interest you pay each month.

Step two: Even with higher monthly payments on a credit card consolidation loan as described above, you will benefit by planning ahead for the next Black Friday by opening a Christmas Savings account at Knoxville Teachers Federal Credit Union. A separate savings for that annual spending season is an organized way to mitigate the impact. You will not pay a fee or charge for this separate savings account that is a part of your membership. And, yes. All savings accounts earn a dividend.

## LAST YEAR WAS GREAT BUT GONE

2019 was a year of growth and progress for Knoxville Teachers Federal Credit Union. As an owner of the credit union, (and by having shares or savings in the credit union, you are an owner of record) you deserve to have an accounting of the business of the credit union. As a matter of law, we are required to provide an accounting. We have printed a very brief summary of the financial standing of the credit union below. A more detailed report will be made available to members upon request at the location on Hall of Fame Drive.

If you compare the summary report printed in the previous year, you will see that 2019 was a year of growth in loans, share deposits of members and in capital strength.

December 31, 2019

<u>ASSETS</u>		<u>LIABILITIES</u>	
Loans	\$122,622,637	Shares & Deposits	\$182,095,228
Securities (net)	71,840,693	Capital Reserves	26,123,917
Share Ins. Deposits	1,757,248	Misc. Liabilities	23,956
Equipment & Fixed Assets (net)	375,424		
Other Assets	11,647,099		
<b>Total</b>	<b>\$208,243,101</b>	<b>Total</b>	<b>\$208,243,101</b>