



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

# C U NOTES

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

December 31, 2020

## DIVIDENDS FOR FOURTH QUARTER OF 2020 ANNOUNCED

Our years-long efforts to increase dividend rates was interrupted this past quarter due to the pressure of lower yields both on loans and on investments of funds not on loan to members. Those pressures have continued and become more acute. The result is a reduction in the rate of dividends from the prior quarter.

The dividends for this quarter earned a rate of **0.50% APY** on all IRA accounts and on all other shares in excess of \$10,000. Other shares below \$10,000 earned a dividend of **0.15% APY**. The dividend paid on DCP 457 deposits remain unchanged. See the rate comparison chart below. We encourage members to make regular monthly deposits to share savings. Accumulated savings will better prepare members for the years ahead.

### NEW TERRITORY

The entire world is in new territory. Interest rates on money are at record lows and continue to decline. We have discussed the fact that many European and Asian nations have been paying negative rates to depositors. This condition has been present for over two years. While it has not been a device used in the United States, we have heard that some Federal agencies have established study committees with the mission to anticipate the impact of negative rates if used in this country.

We are not privy to the discussions of those groups, of course. We do not know if negative rates will impact the consumer or individual savers market or whether it can be isolated to inter-agency and international banking levels.

We do know that the current trends will discourage savers and savings. Your credit union would like to help you plan for this possibility. Nevertheless, we believe members will still be better off to have assets than debt. As confusing as these times are, we cannot convince ourselves that the advice you got from your grandfather is wrong. "Have the money before you spend it." That still sounds solid, doesn't it? In times like this, finding and holding on to something solid will add to your peace of mind and your independence.

### THANKS

We want to thank our members for the patience, understanding and support during these past months of COVID-19. (Remember when it was called corona?) Changing protocols, directives and just common sense have interrupted old patterns. We are happy they have not interrupted our relationship, appreciation and respect for our members. We also want to add a note of appreciation for the credit union staff members who have "held the course" during this time.

	1st Quarter 2020	2nd Quarter 2020	3rd Quarter 2020	4th Quarter 2020	Yearly Average APY
Credit Union Premium Shares	1.00%	0.70%	0.60%	<b>0.50%</b>	0.70%
Credit Union IRA	1.00%	0.70%	0.60%	<b>0.50%</b>	0.70%
Bank 6 Month CD*	0.38%	0.23%	0.18%	<b>0.20%</b>	0.25%
Bank 1 Year CD*	0.54%	0.34%	0.27%	<b>0.39%</b>	0.39%

*(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*

### A NEW REASON TO SWITCH TO eSTATEMENTS

If you log on to our Virtual Branch, you will see an effort to encourage members to receive future monthly and quarterly statements by digital means rather than by U.S. Mail. There is a slight savings to the credit union when the credit union can send your reports by email and Virtual Branch rather than by mail.

We look for ways to reduce the cost of operating your credit union. This one is small but adds up when hundreds of members make the switch. And we look for ways to reward members for saving operational costs. When you see our appeal to make the switch, you will see that we have found a way to share the savings with individual members.

Just remember, if you find a time that a printed copy of a statement is needed, it can be printed when needed.

### LOBBY NOTICE

*Due to a surge in local COVID-19 cases and Knox County Schools' decision to temporarily close classrooms, our lobbies will be open by appointment only until further notice. Please remember that almost all credit union needs can be handled remotely by phone or online. As always, we stand ready to serve you - just not face-to-face for now.*

## ANNUAL ANNOUNCEMENTS

**Dividend income** will be documented by mailing of Form 1099INT since dividends from your credit union are taxable. IRS does not require documentation by you or the payer of dividends in amounts of less than \$10. This and the real estate interest form 1098 will be mailed by or before January 31.

**Real estate interest** is deductible on your IRS return if you itemize. If you have a loan secured by residential real estate with Knoxville Teachers Federal Credit Union, you can expect a separate mailing of Form 1098 to provide you with your tax information and documentation of interest paid during 2020. No such report will be sent in cases in which the interest amount is less than \$600 for the year even though it can be deducted.

**IRA account transactions** and yields for 2020 are reported on your December 31, 2020, statement. (Reminder: any current contribution in a non-deductible IRA must be accompanied by Form 8606 when you file your 2020 IRS report. This is an annual requirement covering current and all past contributions. This reporting is not required for Roth IRAs.) If you made withdrawals from an IRA in 2020, you will receive a form 1099R before the end of January.

If eligible, you may contribute up to \$5,500 for 2020 until April 15, 2021. Amounts for both years may be increased for members over fifty years of age by \$1000. (Any contributions you made for 2020 will be reported to you on a Form 5498 that will be sent to you in May, 2021, to allow us to include any additions you may have made up until the time you file your 2020 IRS tax return. This form is for your records and is not required for your tax return.)

**(457b) Deferred Compensation** account participants who made withdrawals from their (457b) DCP account in 2020 will receive a 1099R tax form by the end of January.

**Legislation passed** as a part of the Covid-19 Congressional package relieves tax payers from a required minimum distribution. This applies only to 2020 tax year. Withdrawals may be made if elected by the owner of the tax shelter deposits.

**The Annual Meeting of members** will be held at 5:30pm on Thursday, February 18, 2021, in the offices of the credit union at 711 N. Hall of Fame, Knoxville, Tennessee, 37917. This will be an "in person" meeting. This is a meeting of members and is a requirement of the National Credit Union Act. The items on the agenda are routine to conduct the required business of the credit union. No other matters are expected to come before the membership for action. Members should feel welcome but are *not encouraged to attend* due to conditions and concerns surrounding the current Covid-19 pandemic. With a smaller group expected, efforts at social distancing will be made. Masks will be required.

In the event of weather or other conditions that require the meeting to be postponed, it will be held in the same location and time on March 4, 2021. If further postponements are required, the meeting will be held on the first Thursday when weather and other conditions allow.

**The financial report** for 2020 will be included in the report for March 31, 2021.

**Our snow policy** is pretty simple. If schools are closed for the safety of students and teachers, we assume our owners (teachers and other school employees) want the same safety

*(Continues in next column)*

## 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 January 1 (New Year's Day) and  
January 18 (Martin Luther King, Jr. Day)

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

## FIVE GENERATIONS OF MEMBERSHIP

Family members often turn out to be among the most loyal members. We recently enrolled a member who was new in several ways. She is a new member to the credit union, of course. Next, as a baby of only a few weeks, she is new in a second way. We have not found another example of a fifth generation of one family who continues to hold membership in Knoxville Teachers Federal Credit Union.

Since we guard the identity of our members, we can't go further but we can tell you that Emma seems to be content with the membership services she has received so far. Not a single complaint about services of the credit union. She has voiced a few complaints directed mostly to two areas outside the credit union functions. We really are proud of this new member. Maybe there have been others and we invite members to consider if you have a family member who is a fifth generation member. Please let us know.

Teaching thrift to children is important. If you have a new family member, you may want to enroll him or her in Knoxville Teachers Federal Credit Union. Just the full name and social security number and a small deposit will start a life time of saving and of benefits of membership in Knoxville Teachers Federal Credit Union.

## Annual Announcements

*(Continued from left column)*

for their credit union employees. We do have one small difference. We know that there are days when school must be canceled for snow or other reasons and then conditions improve and traffic can move with safety. When this happens, our credit union staff normally attempts to open as many of the locations as possible to serve members. We urge you to call the credit union location you want to visit before you start out on a day when schools have been canceled. We will try to be present to serve you.