



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

C U NOTES

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

December 31, 2021

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

DIVIDENDS ANNOUNCED FOR FOURTH QUARTER OF 2021

Your previous newsletters gives a very detailed explanation concerning conditions that dictate much of the decision making of dividends paid by Knoxville Teachers Federal Credit Union. Anyone not having been in complete isolation over these past many months knows that your credit union is in a period in which yields on savings are in uncharted territory. We continue to try to keep income and expenses in balance to be able to direct most of the income to payment of dividends to saving members.

Your Board authorized a continuation of payment of dividends at **0.35% APR** on all IRA share accounts and all other shares on deposit in excess of \$10,000. Shares below \$10,000 earned a dividend at **0.10% APR** for the fourth quarter of 2021.

After years of paying much higher than market rates on Deferred Compensation Plan (457B), this rate continues for this quarter at **1.5% APR**. This rate is very close to ten times the national average rate of one year CDs as reported by FDIC. (See the comparison chart elsewhere on this page.) This program is currently available only to employees of Knox County Schools.

CPI and PPI

Consumer Price Index is now in excess of 6% while Producer Price Index has climbed recently to nearly 10%.

The questions are: What do I do about it? What is the credit union going to do about it?

If the indices were reversed so that the Producer Price Index was less than the Consumer Price Index, we could hope inflation would slow and even reverse. Obviously, the producers will be passing the increases on to the consumers soon. Few, if any, members of this credit union are producers. We are downstream. More inflation is headed our way. One positive possibility is that conditions may allow a beginning of increases in interest which will allow for a more rational dividend rate for savers.

Meanwhile, what can members do to cope with the increases in prices of goods and services? Since teachers cannot simply increase the cost of their services, a time lag exists between the increase cost of living and the increases of income that traditionally follow in inflationary times. Obviously, matching the rise of costs by a reduction in expenditures is one of the options open to us. Many of our members have acted to take advantage of this situation by borrowing from Knoxville Teachers Federal Credit Union to purchase homes during these past few years. These members have discovered the great advantage of a credit union loan for home purchase. The difference in the closing costs of a credit union loan and a loan from a commercial lender is impressive, if not astounding.

Our nation has suffered inflation in other times. We feel certain we will survive again. Meanwhile, be assured that your credit union Board and management are monitoring the changes that have happened and those that are expected.

	1st Quarter 2021	2nd Quarter 2021	3rd Quarter 2021	4th Quarter 2021	Yearly Average APY
Credit Union Premium Shares	0.35%	0.35%	0.35%	0.35%	0.35%
Credit Union IRA	0.35%	0.35%	0.35%	0.35%	0.35%
Bank 6 Month CD*	0.11%	0.10%	0.09%	0.09%	0.10%
Bank 1 Year CD*	0.17%	0.15%	0.14%	0.14%	0.15%

*(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

STILL WORKING AT AGE 90!

Your credit union is one of the oldest financial institutions in the Knoxville and surrounding area. As we begin our 90th year of working for teachers and members of the educational community, we look back with pride.

Your credit union has created a source of reliable credit for our members. Your credit union has assisted members to accumulate savings at a rate higher than any credit union in Tennessee. In fact, members of Knoxville Teachers Federal Credit Union are in the top 1% in the nation when ranked by total savings per member.

It requires self discipline and consistent effort to achieve this standing. And this pattern has been consistent since we have kept record of savings per member. We believe we have had a part. We take pride in our part of each individual member's success in building this astounding savings record and we're still working at age 90!

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

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

Farragut Office
147 West End Avenue
Knoxville, TN 37934
(865) 582-2701

North Office
108 Hillcrest Drive
Knoxville, TN 37918
(865) 582-2702

Powell Office
7315-C Clinton Hwy
Powell, TN 37849
(865) 582-2703

Clinton Office
125 Leinart St
Clinton, TN 37716
(865) 582-2705

South Office
7359 Chapman Hwy.
Knoxville, TN 37920
(865) 582-2704

Halls Office
3722 Cunningham Rd
Knoxville, TN 37918
(865) 582-2706

Bearden Office
410 Montbrook Ln.
Knoxville, TN 37919
(865) 582-2707

Carter Office
8537 Asheville Hwy.
Knoxville, TN 37924
(865) 582-2708

Oak Ridge Office
304 New York Ave
Oak Ridge, TN 37831
(865) 582-2710

All locations are open 9-5 weekdays,
except January 17 (Martin Luther King, Jr. Day)

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

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 report 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 2021. No such report will be sent in cases in which the interest amounts to less than \$600 for the year even though it can be deducted.

IRA account transactions and yields for 2021 are reported on your separate January 1, 2022, IRA statement. If you made withdrawals from an IRA in 2021, you will receive a form 1099R before the end of January. If you have both deductible and non-deductible IRAs, you are required to complete IRA Form 8606. We have nine members who this affects. Are you one of them? This reporting is not required for Roth IRAs.

If eligible, you may contribute up to \$6,000 for 2021 until April 15, 2022. Amounts for both years may be increased for members over fifty years of age by \$1000. (Any contributions you made for 2021 will be reported to you on a form 5498 that will be sent to you in May, 2022, to allow us to include any additions you may have made up until the time you file your 2021 IRS tax return. This form is for your records and is not required for your tax return.)

Deferred Compensation 457(b) account participants who made withdrawals from their DCP 457 account in 2021 will receive a 1099R tax form by the end of January.

The Annual Meeting of members will be held at 5:30pm on Thursday, February 17, 2022, in the offices of the credit union at 711 N. Hall of Fame, Knoxville, Tennessee, 37917.

Continued...

WE WILL NOT BE CALLED OLD FASHIONED

We are proud that we have kept up and even been ahead of the crowd in many ways. We were the first credit unions to offer home purchase loans to members. We have provided members easy access to their funds and were among the first credit unions in the area to provide ATM access to funds. We are and have been a full "on line" credit union.

Old fashioned? NO. But we are very proud that we are one of the few "traditional" credit unions still in the area. Credit unions were an early 20th Century phenomena. Employees of a common employer would band together to provide lending opportunities to fellow employees. A trusted co-worker would be given the task of keeping up with depositors' funds and working with members who had a need to obtain credit at a reasonable rate.

That's is our mission still. We continue to serve only school employees and their immediate family members. We could grow rapidly if we opened Knoxville Teachers Federal Credit Union to anyone. But our goal is NOT to grow but only to become a *better* credit union for our current members and those who are currently eligible for membership. Over the last forty years, three different teacher credit unions have asked to be merged into Knoxville Teachers Federal Credit Union. Also, a number of private and/or parochial school employees have applied for membership. But with all of the changes in the financial world, we remain a traditional credit union. But we are NOT an old fashioned one.

...Continued from previous column

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 expected group, efforts at social distancing will be made. Masks will be encouraged but not 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 3, 2022. If further postponements are required, the meeting will be held on the first Thursday when weather and other conditions allow.

The financial report for 2021 will be included in the report for March 31, 2022.

Our snow policy continues to be 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 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 before you start out on a day when schools in your area have been canceled. We will try to be present to serve you.

Don't feel alone. There are other people who ALSO think the world has quit orbiting the sun and has started circling the drain.