



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

C U NOTES

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

March 31, 2023

DIVIDENDS FOR FIRST QUARTER OF 2023 ANNOUNCED

Finally, after twelve years, depositors and savers began getting improved yields on savings as of January 1, 2023, at Knoxville Teachers Federal Credit Union.

Prior to this past January, people across America who provided the capital for our nation, the savers, began to expect rising yields on savings. Churchill once warned the people of the free world that, "this is not the beginning of the end but maybe it is the end of the beginning." The increase in yields to the saving members of Knoxville Teachers Federal Credit Union began on January 1 of this year. It was a modest increase and was addressed to the members who provide the bulk of share/savings in your credit union.

Dividends on savings in Knoxville Teachers Federal Credit Union were increased from below one percent APY to two percent (2% APY) as of January 1, 2023, on all shares in tax shelters such as IRAs and Deferred Compensation 457 (b) and on all regular shares in excess of \$20,000. Shares below that point continue to receive a dividend of 0.10% APY. We want to remind members that their funds in share draft checking accounts earn dividends at these same rates.

We expect this change to be the beginning of a trend. We track the national averages of yields on CDs across the nation on the www.fdic.gov web site. The dividend paid to members of March 31 compares well with those yields being offered on CDs as of January 1, 2023. (See our comparison chart elsewhere in this newsletter. *We want to emphasize that an accurate comparison should compare yields earned in the same time period.*)

A DISCUSSION OF YIELDS ON SHARE DEPOSITS, PAST AND FUTURE

As a member and owner of Knoxville Teachers Federal Credit Union, you are aware of the past twelve months of money supply and the cost of borrowing. Because of several financial forces, including a massive infusion of money as a part of the pandemic, the cost of borrowed money was approaching zero. (That old law of supply and demand.) With too much money (What? Too much money??) in the economy, the yields on saved money dropped to abnormal levels.

How do we view the future? As you expect, our view of the future is as hazy as it is for everyone else. But, we do believe we will be paying a higher dividend for the next several quarters.

A challenging side note to this is that dividends are paid from income from loans to borrowing members. These important people in the credit union structure have made loans at an interest rate that does not match the anticipated need to pay dividends in a current environment. Fortunately, your credit union has used these past years to build capital. We expect to use some or much of the capital to pay a suitable dividend to saving members.

So hold on. By the time you receive this newsletter, your premium shares over \$20,000 will almost certainly be earning an even higher yield than this previous quarter that just ended and without CD restrictions.

	2nd Quarter 2022	3rd Quarter 2022	4th Quarter 2022	1st Quarter 2023	Yearly Average APY
Credit Union Premium Shares	0.50%	0.55%	0.65%	2.00%	0.925%
Credit Union IRA	0.50%	0.55%	0.65%	2.00%	0.925%
Bank 6 Month CD*	0.09%	0.17%	0.34%	0.65%	.313%
Bank 1 Year CD*	0.15%	0.25%	0.60%	1.07%	0.518%

(Rates are as of first of each quarter.)

The yield rate printed on your statement is the composite rate of your first \$20,000 and the remainder of your share deposit.

*Published by www.bankrate.com

KTFCU CERTIFICATES OF DEPOSIT

In order to meet current needs for new deposits to satisfy loan demand and other reasons, we have resumed offering CDs only to our members. To be clear, this is an effort to attract new deposits but is not limited to new deposits.

Rates are not posted since we are in unsettled times. The rate agreement at the time of purchase will be for the duration of the certificate. Since there is no plan to continue offering CDs past this current period of instability, renewal of a CD is subject to conditions. As in all CDs, some penalty will be in effect if funds are required before the date of maturity.

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

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711 N. Hall of Fame Drive
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7359 Chapman Highway
Knoxville, TN 37920
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Farragut Office
147 West End Avenue
Knoxville, TN 37934
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Halls Office
6925 Maynardville Pike
Knoxville, TN 37918
(865) 582-2706

North Office
108 Hillcrest Drive
Knoxville, TN 37918
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Bearden Office
410 Montbrook Ln.
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

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

All locations are open 9-5 weekdays,
except May 29 (Memorial Day) and June 19 (Juneteenth)
Virtual Branch - <https://ktfcu.org>
24-Hour Telephone Teller - (865) 582-2800

CREDIT CARD DEBT IS AT RECORD LEVELS AND GROWING

If you are one of the Americans who is contributing to this record level, we need to talk. First, Knoxville Teachers Federal Credit Union has never issued a credit card. It is our Board's position that credit cards encourage debt and discourage being frugal. We want to help members to reduce and eliminate debt and then grow savings and assets.

To this end, we want to help you if you are watching your credit card balances grow. With the current rate of inflation, it is hard to avoid increasing your debt load.

We suggest you re-organize your debts. Discuss a loan from your credit union to pay off credit cards charging 19% to 26%, or even more, in annual interest rates. With a three year pay off period, you can see an end to your massive debt and convert your use of a credit card to only purchases you can pay off entirely and in full each month. When you pay off IN FULL EACH MONTH, credit cards do not add an interest charge. Instead, they become a no-cost instrument for spending conveniently. In this way, you will have only two monthly bills on your debt. One to pay for current spending and one for paying off that monster you allowed to grow.

Be a loner. Separate yourself from the mob of credit card victims.

ANIMAL SAFE

No animals were harmed in the production of this newsletter. Fang, our proof reader's seeing-eye dog seems to have dealt with the whole production experience with no ill effects. Well, we *DID* shame him when he chewed up the first draft. We all became friends again afterward.

WALL STREET JOURNAL RECOMMENDS CREDIT UNIONS

An item in the December 28th issue of WSJ advised readers to not overlook credit unions when shopping for automobile financing. This newsletter scooped the Wall Street Journal. We have advised members to arrange for financing with us before hitting the dealerships. There you will be told their financing is best. Keep looking at the cars and trucks and then call in to our credit union for financing advice. If you have their offer, let us know what their offer is.

No, we won't get into a bidding war but we will tell you candidly which is better for you. After all, as a member, you are an owner and deserve an honest answer.

Many potential buyers are gas lighted by the amount of payments. A dealer desperate to sell a car will be willing to produce a low payment by an old trick—by stretching payments out by years and years. Arithmetic should not be used to confuse a teacher. The old saying, “numbers don't lie but liars use numbers.”

TIME TO PURCHASE A CAR?

There comes a time that you cannot put off a car purchase. Car repairs coming too often, a car wreck or even a new driver in the household can make it time to buy. There are many ways to make that exciting time a bit less risky. First, find a car that you can both like and afford. Then, research to avoid buying a lemon. Then there is the financing. Interest on all lending has gone up in recent months. Your credit union has been a source of help to members when faced with these decisions. Several of our staff are knowledgeable in these matters and will be glad to sit down with members to discuss issues surrounding a vehicle purchase.

There is no one set of “do's and don'ts” since each purchaser has a different purpose and goal. There is one very universal thing to avoid. Never agree to a car loan with payments that will outlive the vehicle. That will lead to being: “upside down” and in bondage. We believe a salesman who gladly reduces the amount of monthly payments by extending the loan out six, seven years or more is not concerned with your well being. If payments are too high, maybe it is time to look at a lower priced vehicle.

ARE YOU A PREPPER?

There are lots of items appearing on the internet concerning preparing for uncertain times. These include storage of water and food and other survival gear. We are not experts in this field so we defer to those who are.

However, we do know that members who consistently make monthly deposits to a savings account seem to have fewer crises and emergencies that require money they don't have readily at hand in savings. Others who were not prepared are delayed while they arrange financing when unplanned costs come up. So, in addition to buying an extra can of sardines, (OK, maybe not sardines, how about canned chicken?) why not prepare yourself to meeting that next unplanned expense with a tidy sum that you can access without delay. You can make it automatic from a direct deposit or payroll deduction. Call us to arrange it.

December 31, 2022

<u>ASSETS</u>		<u>LIABILITIES</u>	
Loans (Net)	\$170,143,065	Member Shares	\$227,912,131
Securities	92,401,512	Capital Reserves	19,866,997
Share Ins. Deposits	2,233,478	Other Liabilities	9,010,606
Equip. & Fixed Assets (net)	292,643		
Other Assets	(8,208,963)		
Total	\$256,789,734	Total	\$256,789,734