



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

C U NOTES

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

June 30, 2023

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

DIVIDENDS FOR SECOND QUARTER OF 2023 ANNOUNCED

Your Board of Directors continues the recent trend of increasing dividends. In addition, to meet current conditions, members who are willing to sequester funds for a year can purchase share certificates of deposit. The rates on share certificates are set to match or exceed rates paid by local banks and credit unions. Members can check for the current rate by logging onto KTFCU.org.

Members who want to retain full access to part or full amounts of their deposit will see the trend toward increased rates. Shares in IRAs and all shares in excess of \$20,000 earned a dividend at the rate of **2.15% APY** for the period from April 1 to June 30. We cannot predict with accuracy the rate to be paid for the next quarter, of course. Shares below \$20,000 will continue to earn a dividend at **0.10% APY**.

Eligible school employees also have access to a tax deferred retirement plan known as 457(b). The return on those accounts has been raised to **2.5% APY** for the second quarter.

KEEPING A BALANCE

Keeping balanced is critical in most things. Whether you are riding a bicycle or managing your finances, keeping a balance is essential. Knoxville Teachers Federal Credit Union has made many adaptations and changes over these past years to maintain a balanced lending practice. One overriding practice has been to give priority in borrowing to smaller borrowers. In fact, the original purpose of credit unions was to assist small borrowers in obtaining small loans.

For the past ten years or more, a heavy influx of deposits to shares has been put to use in making home purchases. Our mortgage loans have become a major part of our total lending. To restore a balance, your credit union temporarily discontinued accepting applications or originating home purchase loans. As savings slowed due to the soaring inflation, we find ourselves needing to re-balance lending to assure that demand for loans to members for consumer goods, consolidation of credit card debt and other more traditional lending can be satisfied. We have resumed limited lending to members for real estate purposes.

Credit card debt has soared to the highest level in history. We believe it is our designated mission to assist members in escaping from those high interest sources of credit. If you are not able to pay off your credit cards in full each month, you really need to come in to discuss how your credit union can help.

SCAM ALERT

How often are you getting a scam alert on your phone or PC? We all know that scammers often pretend to be someone you know. They create a sense of urgency to get you to “act now!” They make you feel pressured and direct you to send money in a very specific way.

Don't be bullied. And don't be concerned about appearing paranoid. This is a good time to be paranoid.

	3rd Quarter 2022	4th Quarter 2022	1st Quarter 2023	2nd Quarter 2023	Yearly Average APY
Credit Union Premium Shares	0.55%	0.65%	2.00%	2.15%	1.34%
Credit Union IRA	0.55%	0.65%	2.00%	2.15%	1.34%
Bank 6 Month CD*	0.17%	0.34%	0.65%	0.97%	0.53%
Bank 1 Year CD*	0.25%	0.60%	1.07%	1.49%	0.85%

*(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

SPECIAL REMINDER TO DEBIT CARD USERS

For the past few months, Knoxville Teachers Federal Credit Union members have begun to use an additional benefit of membership. You can enroll our KTFCU debit card in Apple Pay, Samsung Pay or Google Pay. These systems are made available to members at no additional cost or fee.

These systems provide an additional level of security when using your debit card. Your card number is never exposed or shared. It also allows members to pay for groceries or other purchases with your mobile phone without touching key pads at checkout or the exchange of currency that have been touched by the general public.

For more information and to enroll, sign into your Virtual Branch and select “Card Management” or download and use our mobile app. While you're logged in, be sure to explore how much control of your cards and information about your transactions is available to you.

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 Ave.
Knoxville, TN 37934
(865) 582-2701

Halls Office

6925 E Maynardville Hwy.
Knoxville, TN 37918
(865) 582-2706

North Office

108 Hillcrest Dr.
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

Oak Ridge Office

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

All locations are open 9-5 weekdays,
July 4 (Independence Day) and
September 4 (Labor Day)

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

FDIC AND NCUA DEPOSITOR INSURANCE. THE DIFFERENCE?

For depositors, the answer is “nothing.” Both are federal agencies established to protect depositors. FDIC was established in the early days of the Great Depression. The credit union movement was in its infancy at that time. Small credit unions were typical and were associations of people personally known to each other. It was later, in the 1970’s that credit unions established an insurance fund and National Credit Union Administration (NCUA) was created by Act of Congress. So, two federal agencies. One for banking customers and one for credit union members. Popular media frequently discusses FDIC but rarely NCUA. Since the inception of NCUA insurance, there has been an agreement that the two will operate on parity, meaning that what FDIC does, NCUA will follow.

As far as the protection, the coverage is identical as far as we have ever been able to determine. When FDIC expands a coverage, NCUA matches those changes. One common misunderstanding that affects both is that many depositors are unaware that individual depositors can expand the coverage to exceed the amount commonly believed. (Currently \$250,000.) A person can have a second account at the same financial institution that is a joint account and both will be insured up to the full \$250,000. A third account that is an IRA is insured separately. A fourth account with a different joint owner adds another. So a millionaire can construct account agreements on several accounts and be covered fully.

Now, insurance always has a premium to pay. Who pays? Your credit union sends funds to NCUA annually. But, of course, that is an expense. Dividends are paid after expenses are met. So, like every thing paid by the U.S., it is paid by US. All of us. What about banks? The owners of the bank (stock holders) pay the premium indirectly by having a lower dividend on the stock they hold. As a member of the credit union, your shares and investors in bank stock help fund both of these two federal agencies.

Inquiring minds would ask, why not combine both agencies? It has been asked before. The answer is another question. When do you see government streamline itself?

4,000 BANK FAILURES

No, not recently. But 4,000 banks did close their doors in 1933. That was at the heart of the Great Depression. Fortunes and even small household savings were lost. As a point of historical interest, the prior year, seven teachers met in the library of Knoxville High School and pooled their money to start Knoxville Teachers Credit Union as chartered by the State of Tennessee. Thirty-five dollars does not seem like a lot these ninety years later. And it really wasn’t even in those days but it was the total amount of assets for this newly organized credit union.

After only one year of operation, that credit union watched while those 4,000 banks failed. It watched again as all surviving banks in the nation were closed for a week long “bank holiday.” Congress acted to create what is now known as Federal Depositors Insurance Corporation or FDIC. Along with other banking and financial laws, a federal credit union law was passed. Again, that small credit watched and was making small but crucial loans to teachers. Certainly, Knoxville Teachers Credit Union was not competition for those banks. Those surviving banks would not have even noticed it. And, we don’t believe that one year old credit union was used as a model for the federal credit union act. But it served teachers and selected school employees.

But it grew. And it continues to grow. Within the past year, we have become a quarter billion dollar credit union that still serves teachers and the educational community in and around the Knoxville area. It survived the Great Depression, World War II and subsequent wars and other crises, both financial and otherwise. It survived hippies, The Twist, Disco and thrived on Country Music. It moved from the original state charter to a federal charter. That federal charter mandates that we serve school employees of public, private and parochial schools and their family members in Knoxville and the surrounding areas.

Competition from Knoxville Teachers Federal Credit Union did not cause any of those 4,000 banks to fail in 1932, of course. But, we survived and thrived while we witnessed that and all of the history since.

ARTIFICIAL INTELLIGENCE?

It is a hot topic in some circles these days. Do the Chinese have it? Will it replace human workers? It is something to cheer on or to fear?

Like everyone, we are not sure. But we do have one comforting thought. Most of us have dealt with artificial intelligence all our lives. How many times have you thought, “that guy is not as smart as he thinks he is.”?

So, until all of this is figured out by some really intelligent people, relax and hope that this new artificial intelligence is better than fake intelligence.

NEVER MORE PROUD

We’ve never been more proud of being a credit union founded by teachers, governed by teachers and serving teachers and their families. Knoxville Teacher Federal Credit Union is one of the oldest credit unions in Tennessee. It is also among the top twenty-five Tennessee credit unions and the first in Tennessee when ranked by savings per members.

We hope you are proud, too. If you are, perhaps it is a good time to recommend your credit union to a fellow teacher who just might have not known that they can be an owner of a financial institution that is here just for teachers.