



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

C U NOTES

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

September 30, 2023

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

DIVIDENDS FOR THIRD 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 adjusted 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 all of their deposit will see the trend toward increased rates. Shares in an IRA account and all regular shares in excess of \$20,000 earned a dividend at the rate of **2.45% APR** for the period from July 1 to September 30. We cannot predict with accuracy the rate to be paid for the next quarter, of course. But see comments about the future of dividends elsewhere in this newsletter. Shares below \$20,000 will continue to earn a dividend at **0.10% APR**. Shares in the 457(b) tax shelter accounts earned a dividend of **2.5% APY**.

A SPECIAL NOTICE TO MEMBERS OF EAST KNOX COUNTY

We must inform members who have used the East Knox County (or Carter office) that we are no longer able to maintain a presence in that location. Members deserve an explanation. After efforts to extend our lease there, we found the conditions more challenging than we can meet. The cost of rental of that space was going to be increased by 133% on an already high monthly rental. Additionally, parking reserved for members was reduced to one space.

And, the world has changed in other ways. We have several electronic methods of conducting your personal business with us. All of those methods continue to grow and members find their convenience over making a trip to one of our offices. Even most loans can be made by teacher/members from their classroom desk. We do not see that trend reversing. A recent review shows that only about 12% of member transactions are conducted at a physical locations. We expect this trend to continue.

When balancing all those factors, it was clear that for the benefit of members in general, closing the office we refer to as the Carter location was the best option.

Many of the members who learned of this planned closing expressed concern about our “go to” staff member, Philander Oglesby. Philander will continue to make her valuable contribution to the members of Knoxville Teachers Federal Credit Union at one or more of our remaining nine locations in Knox and Anderson Counties.

SCAMS AND YOU

It’s clear that scammers have no intention of going away. In fact, social media has made them multiply and spread. If you spend any time online, you’ll have multiple contacts of offers that are designed to separate you from your money. We’ll be including a series that outlines both common and new scams to watch for in upcoming issues of CU Notes.

	4th Quarter 2022	1st Quarter 2023	2nd Quarter 2023	3rd Quarter 2023	Yearly Average APY
Credit Union Premium Shares	0.65%	2.00%	2.15%	2.45%	1.81%
Credit Union IRA	0.65%	2.00%	2.15%	2.45%	1.81%
Bank 6 Month CD*	0.34%	0.65%	0.97%	1.26%	0.81%
Bank 1 Year CD*	0.60%	1.07%	1.49%	1.63%	1.20%

*(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.
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ARTIFICIAL INTELLIGENCE UPDATE

Knoxville Teachers Federal Credit Union prides itself on keeping up with technological advances and opportunities. One observation we can share is that it has become difficult to distinguish when you are communicating with a real person or a robot with artificial intelligence. We have, however, found that stupidity is never artificial and is observed frequently. Like the guy who uses the turn lane as his personal driving lane. Or the guy who slowly passes you on the right and would not see your right turn signal.

Another example is the group advocating to combat global warming by somehow placing a haze in the atmosphere to reduce the rays of the sun and thereby reducing global warming. We’re pretty sure the folks who have installed solar panels will object.

No, we are not making any of this up. (Or as English teachers would say, “Up with this we are not making.”) Stay strong and alert, dear members. The current craziness will soon be replaced by different craziness.

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

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

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

All locations are open 9-5 weekdays,
except October 9 (Columbus Day), November 23 (Thanksgiving)
and December 25 (Christmas Day)

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

FEE CHARGES AND WHAT YOU SHOULD KNOW

Most banks and credit unions would be operating in the red except for fees charged. That is one of several important differences between your credit union and those other folks. We don't rely on fee income.

To make the contrast simple, let us say that Knoxville Teachers Federal Credit Union does not charge members any fees with these exceptions. If a member requires a special service that will cost the credit union money that is unique to that member, we do ask the member to pay for that service at the same amount it costs the credit union. Example, if you need to have funds wired to another person or financial institution, we will ask for repayment of what we pay for that service. Banks and credit unions are charged about \$4 to send a wire, so that is what we ask from the member needing that service. Incoming wires are no charge. Most banks charge their customers \$30 to send AND receive wires as part of their income stream.

So the overriding rule is that members own Knoxville Teachers Federal Credit Union so they use the credit union without fees unless they request a service that requires us to use outside facilities to provide the service. Performing the task involved is a member benefit. The outside charges are passed on to the member requiring that unique service.

In recent months, we have begun enforcing the late payment charge provision that has been in the loan promissory notes for years. The few members who pay over 30 days late increase costs to the credit union and this charge allows us to avoid burdening other members with those costs. We are so committed to sheltering members from banking fees that we reimburse members if they are charged an ATM fee up to \$12 per month per card. Those reimbursed fees go into your members' savings account. That's another reason that Knoxville Teachers Federal Credit Union is Different...On purpose!

This is only one of the benefits of membership in Knoxville Teachers Federal Credit Union. Pass it on to your eligible family, friends and co-workers.

DIVIDENDS NOW AND IN THE FUTURE

No one can accurately predict the future but we will recklessly comment on some speculations that we hold about the near future of dividends that Knoxville Teachers Federal Credit Union may be paid to depositing members. We believe our trend will continue to increase at a steady pace. We know that our ability to pay an increased dividend will improve as income from lending will increase. We also know that the Board of Directors is committed to pay the best dividend that earning from lending will support. So, we have the will and the ability to increase dividends.

Even the most casual observer of economic factors that have been in play over the past months knows that our federal government is borrowing money at a fast clip to support increased spending and distribution of federal dollars. That single factor has had a significant impact on the cost of borrowing money. Ask any recent home or automobile purchaser if they have discovered the increase in the interest rates on borrowing. Most of those who carry a credit card balance have recognized increases in interest rates.

Banks, credit unions, and other similar entities have been in competition with the U.S. Government for deposits and investments. Such competition is a bit one sided, to say the least. In addition, most banks and credit unions were inundated with deposits during the months of Covid-19 and associated stimulus checks mailed to many Americans. Since most Americans were forced to curb spending in those long weeks confined to their homes, borrowing dropped and deposits grew at abnormal levels. During that same time, the FED took those deposits at rates close to zero. Much of those close to zero investments were for terms of three, five and even ten years. Now those investments are a drag on banks and credit unions to pay a better dividend to bank customers and credit union members.

To be brief, friends, the times are a bit crazy but times will get better. Meanwhile, our advice is to pay off credit card debt and other debts as quickly as you can and remember that whatever the conditions are, it's better if you have money. So, save!

STORMS! IN CASE YOU MISSED THEM

Weather in 2023 has been interesting and challenging so far. August provided at least a couple of storms that got our attention. Power was out at several locations for both short and long periods. Air conditioning was impacted, of course. However, service was never completely stopped even though some remote services did experience some minor interruptions. KUB and other utility companies acted quickly and your credit union suffered no noticeable effects while we did get reports of some members being out of power for 24 hours or more.

We take this opportunity to share with members some of the "back up" provisions that we have put into place over the years. Most importantly, we have two computer centers located at two different locations several miles apart. To date, we have only maintained the clone data center. Yes, we test it periodically. We have some small generator support and we are grateful that we rely on that less and less as other systems are developed. Are we "bullet proof?" Of course not, but we do have a second level of storage that would allow us to quickly rebuild member records and restore member access to their funds even if we suffer a major blow.

Meanwhile, be sure to have an umbrella on hand.

PLAN AHEAD!

Only 33 months to the semiquincentennial! Prepare now!