



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

C U NOTES

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

December 31, 2023

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

DIVIDENDS FOR FOURTH QUARTER OF 2023 ANNOUNCED

After a long period of record low dividends and interest on funds on deposit, a general increase in all interest and dividends has been underway this year. Knoxville Teachers Federal Credit Union has increased dividends on deposited funds consistently during this time. In addition, your credit union instituted a share certificate program for those members who were able to exchange access to funds for an even higher dividend rate.

Your Board of Directors has set the rates shown below which went into effect on October 1, 2023. Shares (including share draft checking) in excess of \$20,000 and all shares in IRAs were paid a rate of **2.5% APY** beginning October 1. Shares in 457(b) also earned a rate of **2.5% APY**. Regular shares not in a tax shelter below \$20,000 earned a dividend of **0.10% APY**. The Share Certificates earn rates as determined on the day the certificate was purchased. Members are able to view the current rate on our web site or by calling the credit union during open business hours.

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.

SPECIAL NOTE TO MEMBERS WITH HOME MORTGAGES

This year, more than normal, members who have home mortgages may have an unplanned increase in monthly expenses. This is true whether your mortgage is with Knoxville Teachers Federal Credit Union or with a commercial lender.

Home owners insurance premiums have experienced a general increase due to the rapid increase in the market and replacement value of your home. Some home owners may find that the monthly payment into your escrow is not sufficient to make the full payment. This can cause either an increase in future escrow payments or a required deposit to complete the current payment due – or both!

Inflation has caused local governments to have to increase property taxes on real estate. If you own property in a jurisdiction that has increased property taxes, you may find a separate increase similar to the insurance costs described earlier.

We invite members to contact the credit union to discuss the appropriate increases you should make to meet these inflation related costs of property ownership.

We remind members that these costs ARE NOT DETERMINED BY YOUR CREDIT UNION. Your choice of insurance companies and the coverage provided as well as property taxes are not within the control of your officers or staff. Knoxville Teachers Federal Credit Union provides escrow service without a fee or cost to members. In fact, your credit union pays a dividend on your escrow balance — a practice almost unheard of among lenders.

	1st Quarter 2023	2nd Quarter 2023	3rd Quarter 2023	4th Quarter 2023	Yearly Average APY
Credit Union Premium Shares	2.00%	2.15%	2.45%	2.50%	2.28%
Credit Union IRA	2.00%	2.15%	2.45%	2.50%	2.28%
Bank 6 Month CD*	0.65%	0.97%	1.26%	1.36%	1.06%
Bank 1 Year CD*	1.07%	1.49%	1.63%	1.76%	1.48%

*(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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A NEW CHEVY COST \$575 IN 1932

When Knoxville Teachers Federal Credit Union was founded, new cars cost fewer dollars than in 2024. No surprise there but it does underscore the impact of 90 years of inflation.

Loans for automobiles in those years were difficult for teachers to obtain. Payments were limited to one year. Salaries for teachers were about \$50 monthly and jobs were scarce. That was a major motivation for those seven teachers to band together to found a credit union for teachers,

Automobile financing is much different today. The terms to repay the loan in full have been extended. Seven or more years of payments are not rare. Our old fashioned advice is don't let your car payments last longer than the car.

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 January 1 (New Years Day) and
January 15 (Martin Luther King, Jr. Day)

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

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 pay 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. Our goal for future dividends is to pay a dividend rate that is comparable to market rates on certificates of six months to one year CDs on premium shares. (Premium shares are currently shares above \$20,000 and all shares in tax shelters.)

To be brief, friends, the times are a bit crazy but times will get different. (They always do.)

ANNUAL ANNOUNCEMENTS

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

Mortgage 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 2023. No such report will be sent in cases in which the interest amounts to less than \$600 for the year even though it may be deductible.

IRA account transactions and yields for 2023 are reported on your January 1, 2024, statement. (Reminder: any current contribution in a deductible IRA must be accompanied by Form 8606 when you file your 2023 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 2023, you will receive a form 1099R before the end of January.

If eligible, you may contribute up to \$6,500 for 2023 until April 15, 2024. Amounts for both years may be increased for members over fifty years of age by \$1000. (Any contributions you made for 2023 will be reported to you on a form 5498 that will be sent to you in May, 2023, to allow us to include any additions you may have made up until April 15. This form is for your records and is *not* required for your tax return.)

Deferred Compensation (457) account participants who made withdrawals from their DCP 457 account in 2023 will receive a 1099R tax form by the end of January.

The Annual Meeting of members will be held at 5:30 pm on February 22, 2024, at the credit union office 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.

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 7, 2024. If further postponements are required, the meeting will be held on the first Thursday when weather and other conditions allow.

The financial report for 2023 will be included in the report for March 31, 2024.

Snow Policy. 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 where the credit union location you want to visit have been canceled. We will try to be present to serve you.