



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

C U NOTES

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

September 30, 2016

DIVIDENDS FOR THIRD QUARTER ANNOUNCED

Your Board of Directors approved a dividend on shares on deposit at a rate of **0.58% APR** on all IRA deposits and on all regular shares in excess of \$4,000 for the third quarter of 2016 (July 1 to September 30). Regular shares under \$4,000 continue to earn a dividend of **0.15% APR**. It should be noted that these rates compare favorably to the average earnings offered for time deposits (CDs) for up to a year or more. It should also be noted that this quarter's dividend is a continuation of the rate of dividends paid by your credit union for the past several quarters. For further discussion on past, current and future dividends, see "Who did it?" elsewhere herein.

WHO'S FLIPPING THE SWITCH?

Just when we all thought we could see the light at the end of the tunnel, someone turned out the light. Who did it? No single person or agent can be identified. It is the result of actions by many different players. Let's look inward first. Knoxville Teachers Federal Credit Union members are reducing their personal debt load. This is a very positive trend for our members and we continue to encourage that trend. However, loans to members is the main source of income from which dividends are paid. You quickly can see the connection. Dividends are the result of income. Fewer borrowers means less income. Less income means smaller dividends.

The next factor is also obvious. If members don't borrow the depositors' money, who will? A conservative option is the *only* option. That means your credit union loans your deposits to the federal government in the form of purchases of governmental agency bonds or to other banking institutions to the limit of federal insurance. Investing in the stock market or other places that have a risk element is not an option for your credit union.

There is an unlimited list of other factors that contribute to the situation. They include but are not limited to such things as reduced numbers of employed people, an aging population, unrest here and abroad, world wide negative interest being paid by central banks, and the list goes on. (See discussions of negative interest and those other factors in previous newsletters.)

The net result in all of the above is a shrinking "spread" for this and other credit unions. "Spread" is simply the margin between income from loans and investments and the cost of dividends paid to members and other costs of maintaining the services of your credit union. (We are proud to be able to report that the cost of operations of the credit union is being contained and continues to be significantly lower than most other credit unions in the nation.)

Even though it may appear that someone has turned out the light at the end of our current "tunnel," we believe our dividend rate continues to glow when compared with most other safe places to save.

	4th Quarter 2015	1st Quarter 2016	2nd Quarter 2016	3rd Quarter 2016	Yearly Average APY
Credit Union Premium Shares	0.580%	0.580%	0.580%	0.500%	0.560%
Credit Union IRA	0.580%	0.580%	0.580%	0.500%	0.560%
Bank 6 Month CD*	0.15%	0.17%	0.15%	0.14%	0.15%
Bank 1 Year CD*	0.26%	0.26%	0.27%	0.23%	0.26%

(Rates are as of first of each quarter.)

The yield rate printed on your statement is the composite rate of your first \$4,000 and the remainder of your share deposit.

**Published by www.bankrate.com*

ABOUT THE COMPETITION

This credit union is a business. Just as any business, there are competitors. Who are our competitors? The answer is **EVERYONE**. Banks of course and every credit union that has converted to a "community charter." Loan companies, payday lenders, and even insurance companies make loans. Your momma or aunt usually will find a few bucks when you are short in the wallet.

When you buy a car, the dealer has a finance guy who will sign you up. (Usually, a bank or other financial giant is in the closet and becomes the owner of your note before dark on the day you drive that beauty home.)

How can Knoxville Teachers Federal Credit Union compete with all of that competition? Setting reasonable rates is only natural but the real reason is that none of the competition belongs to you. As a credit union that is operated exclusively for teachers and other school employees of Knox County, the school systems in Anderson County, Pellissippi and some selective parochial schools, we are the only one that belongs to you. The services provided by your credit union are not designed for the interests and profits of some owners that you never know. Knoxville Teachers Federal Credit Union is designed to benefit and be profitable for teachers and other member/owners.

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

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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

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

All locations are open 9-5 weekdays,
except October 10 (Columbus Day), November 24
(Thanksgiving), and December 26 (Christmas)

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

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
8709 Strawberry Plains Pk.
Knoxville, TN 37924
(865) 582-2708

Anderson Co. Courthouse
100 N. Main St, Room 123
Clinton, TN 37716
(865) 582-2709
(10 - 4:30, Mon - Fri)

SAVE MY JOB

Job creation is the hot topic in the current presidential election. So, this is a good time to make this appeal to members of Knoxville Teachers Federal Credit Union. Save my job! I write this newsletter and management has discovered that only seventeen people read it. (I used to have eighteen readers but one of those died.) Management is looking into a newsletter robot. Those things are cheap! The model that is under consideration is only \$212.50 and for seven more bucks, an attachment that guarantees no typos can be added.

We all know that times are hard and jobs not easy to find. Writing newsletters is hard and finding a newsletter job is especially hard now that robots are throwing so many of us out of work. What can you do to help? When you call in for a transaction or open your account on line or check your checking account balance on your smart phone or send funds from your credit union account to your daughter away at college, just add a comment saying, "I read the newsletter." (Feel free to vote as often as you can. Hey, they do it in Chicago elections all the time.)

There are so many ways you can let management know that you read this newsletter because there are so many ways you can have access to your Knoxville Teachers Federal Credit Union membership account.

It would be very nice if you mentioned that you are a regular reader when you are processing your car loan, your home mortgage loan, or just those loans to assist a family member or to consolidate credit card debts.

I need your help! My regular readership must increase or the robot will soon be writing this newsletter. The robot is guaranteed to be politically correct and would never have a disrespectful comment. Offensive remarks would be a thing of the past. Just be warned. Act now or read boring stuff written by robots.

ARCHEOLOGISTS FIND ANCIENT CREDIT UNION!

A recent scientific expedition looking for an original credit union discovered one in Knoxville, Tennessee. To no one's surprise, Knoxville Teachers Federal Credit Union continues to operate under the concept that the credit union belongs to the members and is to operate for the sole benefit of the owners. It is an old concept largely forgotten except to historians and others who understand the benefit of ownership.

The scientists announced that they found this traditional credit union operating in the same way the original founders created it – as a simple pooling of money by those who had acquired some to be used to lend to other teachers who were in need of money but did not have what they needed for survival and success. The reason it was a challenge to find those original features was due to the fact that the officers of the credit union had carefully incorporated all of the 21st Century services and features offered by major banking institutions that allowed the credit union to appear as just another bank or credit union. When interviewed, management of Knoxville Teachers Federal Credit Union modestly explained that blending in allowed the credit union to fully serve today's teachers but without discarding the purpose and principles of the founders.

Management further pointed out that it planned to continue to camouflage the credit union by additional 21st Century features as they become available. But he was certain that knowledgeable members of the educational community would recognize the advantage of the basic infrastructure of a traditional credit union.

LAWS REPEALED?

No, not the ones you're hoping for. You still have to watch the speedometer and taking violent action against cheesy people is frowned upon still. But the laws of economics are another matter. It appears to us that about 98.5% of the natural laws of economics have been repealed. Such as when the supply goes down, the price goes up. Or, reduced interest causes increased economic activity. We suspect that there is a bunch of college economic textbooks being put into the recycle barrel. And we wonder if the current authors have writer's block when they try to come up with the new laws of economics. What can they say? Maybe they could start with, "Toto, I've a feeling we're not in Kansas anymore." We share that feeling.

We acknowledge that we were certain that interest rates would rebound. We expected it to rebound within six months and that certainty was started six years ago. We attempted to start a small local trend by holding the line on interest rate declines and even to start a small increase some months back. We accept praise for our efforts but have not been rewarded by success. Now we read of terms such as "the new normal" and negative interest rates. We are advised to accept that we are globalized and, as such, reduced to new and less optimistic times. It has become clear to us now that the laws of economics have been either repealed or suspended.

After all of the above, why would members consider our advice or predictions as valid? Nevertheless, we do offer some minor strategies. Reducing or eliminating debts is surely still a sound practice. Saving can't have really become foolish. Isn't it better to *HAVE* money than just wishing for some?

Knoxville Teachers Federal Credit Union offers loans to members but does not encourage you to borrow more than is necessary. But we do encourage members to save and offers savings that provides better than the average rate of return without the risk of the long term commitment that comes with certificates of deposit. Maybe the one economic law that still is in force is your own credit union.