



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

# C U NOTES

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

June 30, 2020

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

## DIVIDENDS FOR SECOND QUARTER OF 2020 ANNOUNCED

Even before the lock down to combat COVID-19, earnings on savings had been in a sharp decline. This decline is a general national and international decline. Some countries are experiencing negative interest on savings. Your credit union's ability to pay a dividend comes from two sources. Income from loans to borrowing members and from yields on the investment of funds not on loans to members. Because our investment of those funds are by good judgment, and by regulation are designed for safety as the priority, the yields have fallen as any observer would expect. Therefore it is no surprise that we announce the dividend for the second quarter at the following rates. All shares in IRAs and on all other shares in excess of \$10,000 earned a dividend at **0.70% APY** which was paid into your share account on June 30, 2020. Shares in the range under \$10,000 earned a dividend of **0.20% APY**. Dividends paid on DCP 457 deposits are unchanged.

Interest rate and yields have continued to decline during this second quarter. Again, as in the past, your credit union officers will set a dividend at the end of this next quarter with two factors in consideration. The first is to pay the most advantageous rate within the ability of the credit union and the second is to pay a dividend rate that is appropriate on the first day of the quarter so members can be assured that the rates in force generally will be met and very likely exceeded.

### LET'S DISCUSS THE FUTURE OF INTEREST RATES

We are as surprised as any by the recent and current levels of interest on lending and on the level of yields on savings. We also want to acknowledge that we do not have a clear prediction of the near or far changes to anticipate about the future of either. We do know that many countries in the world have experienced negative rates on savings for some time. This can partially explain how many distributors of imported cars and other goods can offer low or even zero loan rates at the time of purchase. We ask ourselves, is this in the future for our country? At this time, we believe not. We do know that if such conditions do develop, Knoxville Teachers Federal Credit Union will be among the very last to resort to that.

We will continue to work in the best interest of the members of the credit union.

### THE COVID-19 EXPERIENCE

Our doors are unlocked during usual business hours now. Nothing in the memory of those living today quite matches the experiences of these past weeks and months. Never have Americans had a reason to fear every other American. Your credit union was listed as "essential." Still, a very structured and unfamiliar protocol was imposed. Your credit union officers want to thank the members for their adaptability, cooperation and even good humor in processing transactions through a night drop, a locked door, by phone, email and texts.

No, it's not over yet but the time is ripe for a big "job well done" to members and to the credit union staff.

|                             | 3rd Quarter 2019 | 4th Quarter 2019 | 1st Quarter 2020 | 2nd Quarter 2020 | Yearly Average APY |
|-----------------------------|------------------|------------------|------------------|------------------|--------------------|
| Credit Union Premium Shares | 1.00%            | 1.00%            | 1.00%            | <b>0.70%</b>     | 0.93%              |
| Credit Union IRA            | 1.00%            | 1.00%            | 1.00%            | <b>0.70%</b>     | 0.93%              |
| Bank 6 Month CD*            | 0.45%            | 0.41%            | 0.38%            | <b>0.23%</b>     | 0.37%              |
| Bank 1 Year CD*             | 0.71%            | 0.59%            | 0.54%            | <b>0.34%</b>     | 0.55%              |

*(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](http://www.fdic.gov)*

### WE'LL NEVER CALL YOU...

Well, that's not exactly right. We do need to contact members occasionally. Usually, it's to discuss things like preventing a bounced check, discussing car or home insurance coverage, or to follow up on a loan application. We usually use the good, old fashioned phone or a new fangled text, but occasionally we'll email you if we've failed to get in touch any other way. But however we've contacted you, we will never request information such as your ATM PIN or the security number on the back of your Visa CheckCard. We know the things we need to know to transact your business and we won't ever need to ask you for those secret numbers. Never hesitate to hang up on a caller that claims to be from the credit union and then call us at 582-2700.

There is a reason we tell you that we don't make calls to members. Recently, a very few of our members have been contacted by scammers to ask for key information to enable them to access the account. These scammers claim to be your credit union's staff employees. Our staff is very conscious of security issues and were able to close those efforts down rather promptly. But we repeat, don't give out PINs, passwords, account numbers or any information about your affairs to someone on the phone.

## KNOXVILLE TEACHERS FEDERAL CREDIT UNION

**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 September 7 (Labor Day)

**Virtual Branch - <https://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**  
8537 Asheville Hwy.  
Knoxville, TN 37924  
(865) 582-2708

**Anderson Co. Courthouse**  
100 N. Main St, Room 123  
Clinton, TN 37716  
(865) 582-2709

## EASTSTREET IS AT A DEAD END

Members who use their Knoxville Teachers Federal Debit Card will recognize EasyStreet as the regional network designed to provide access to ATMs without a fee charged for the transaction. This network will no longer operate effectively immediately. This was not a decision over which your credit union could have any influence.

Members can continue to use the ATM card with no fee charged at many locations. With the termination of EasyStreet access your credit union advises members that many retailers provide use of in-store ATMs without a fee charge. While providing a safe and inside location, the retailers service is a benefit provided to encourage traffic within the store in the very valid belief that some purchase may be made of other products or services. While there may be others, two local businesses with multiple locations that provide fee-free ATMs are Pilot-Flying J and Weigles Convenience Centers. These ATMs are inside and considered safe.

In addition, your Knoxville Teachers Federal Credit Union Debit Card is often used at grocery store check out counters. At the time of purchase, a simple request for "cash back" will frequently provide members with enough "pocket cash" to completely avoid using an ATM completely.

Since EasyStreet's demise reduces a benefit to members, your credit union is increasing the amount to be refunded for fees charged at one of those "for fee" ATM's. The \$8 limit on monthly refunds is being increased to \$12 per month as of the date of this newsletter. It is our intent to continue to provide members easy access of cash withdrawals without a cost to access your money.

As always, we suggest you use an ATM location that will not add costs to the credit union of which you are an owner. If you are aware of ATMs that do not charge a fee, let us know so that we can provide that information to all members.

We hope these options will ease the inconveniences associated with the termination of EasyStreet.

## ARE YOUR SAVINGS SAFE?

The quick answer is "YES." First of all, no member has ever lost a nickle or even a penny in Knoxville Teachers Federal Credit Union. We hold reserves that provide a cushion that is above average. National Credit Union Administration states that a credit union with 7% of assets in capital is "well capitalized." Your credit union has over 12% of assets in capital.

Next, your shares (savings) are federally insured within the stated insurance limits. What are those limits? All shares up to \$250,000 are insured. Money on deposit in tax shelters such as IRAs are also insured up to \$250,000 separately from other savings.

Many members have increased their insurance coverage by having a joint owner on the account. In such situations, shares are insured for \$250,000 for each joint owner. A husband, wife and one child could have \$750,000 on deposit in their savings account and every bit is federally insured. We know that sounds almost unbelievable but it is true. And if each of the three had an IRA account of \$100,000 each, then an additional \$300,000 insurance is in effect for that family of three.

There are a variety of ways to insure your savings in a federally insured credit union. If you have questions about these matters, we encourage you to call for an appointment to meet with an informed staff member.

## SPECIAL NOTICE CONCERNING IRAS AND 475(b) DEPOSITS FOR 2020

An unexpected change in tax laws will impact all members of Knoxville Teachers Federal Credit Union who have deposited into a tax sheltered account. The Corona virus Aid, Relief, and Economic Security (CARES) Act which was passed by Congress in April of this year removes all REQUIRED MINIMUM DISBURSEMENTS (RMD) for the tax year of 2020.

What does this mean to those who have money in IRAs and DCP 457(b) accounts? Simply stated, it means that you have the choice to leave the deposits in a tax sheltered condition for the tax year of 2020. (You will find this is true for any 403(b) and 401(k) accounts you may own elsewhere.)

The law gives you the freedom to either elect to withdraw your deposit in any amount you choose or you may leave the deposit untouched without a penalty or taxes being imposed by the IRS. We have noted that most members who have been required to withdraw a minimum amount from their IRA or their DCP 457 have simply complied with the required withdrawal and moved that amount into regular share/savings in their credit union account. Of course, that past practice caused an increase in your taxable income that had to be included when you filed and paid your taxes for that year. That will not be the case in 2020.

Your credit union will no make any automatic disbursements from your tax shelter accounts in this year. Of course, if you wish to make a withdrawal, as always you can do so. It is your money whether it is under the tax shelter or not.

We plan to make this announcement in all remaining newsletters issued this year.

None of the above applies to those still contributing to either tax shelter. We encourage members to add to your long term savings plan by contributing the maximum allowed by law.