



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

C U NOTES

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

September 30, 2020

KNOXVILLE TEACHERS FEDERAL CREDIT UNION

DIVIDENDS FOR THIRD QUARTER OF 2020 ANNOUNCED

Recent announcements by officials of the Federal Reserve almost ensure that general interest rates will remain at record low levels for the next three-year period. Your credit union began a steady increase in rates six quarters past. Our rates must now retreat to accommodate to this newly announced projection of rates.

Additionally, the decline in rates has impacted the credit union’s ability to pay above market dividends. As old loans are paid off and replaced by newer loans at the current low rates, interest income by which dividends are paid naturally declines. Your Board has made efforts to maintain dividends at a rate that compare well to yields paid by other places of deposit. The added advantage that members of Knoxville Teachers Federal Credit Union have in having access to all deposits at any time of need or opportunity is an added value. Your Board of Directors have authorized the payment of dividends on all shares in IRAs and on all other shares in excess of \$10,000 at **0.60% APY**. Regular shares in the range under \$10,000 earned a dividend of **0.20% APY**. Dividends paid on DCP 457 deposits are unchanged.

We encourage members to make regular monthly deposits to share savings. Accumulated savings will better prepare members for the years ahead.

KTFCU MEMBERS SET RECORDS

According to the most recent data available, we are proud to announce once again that the average savings account of members of this credit union exceed all other credit unions in Tennessee. In fact, members of this credit union are in the top 1% of all credit unions in the nation when ranked by the average amount in savings.

Most members know that there are several reasons that help explain this phenomenon. However, there are many people who are eligible for membership in Knoxville Teachers Federal Credit Union that are not members. Since you are receiving this newsletter, should you not remind teachers and other school employees that becoming a participating member will be good for their financial health?

Members are the ones who set this record and members assist your credit union officers and management to reach our goals. Our goals are simple.

Your credit union does not ever encourage members to spend money – only to borrow with prudence. This is a core principle even though income from interest on loans is the source of funding dividends and operational costs.

We encourage savings even at the time of the first loan by requiring a deposit to savings of \$250. We also suggest that you add a small bit by automatic payroll deduction to be deposited into your share/savings account.

Your credit union pays a dividend that is very competitive with banks’ time deposits, such as certificate of deposit that place restrictions on withdrawals. We do not restrict members from access to their own money while they are members in good standing.

	4th Quarter 2019	1st Quarter 2020	2nd Quarter 2020	3rd Quarter 2020	Yearly Average APY
Credit Union Premium Shares	1.00%	1.00%	0.70%	0.60%	0.825%
Credit Union IRA	1.00%	1.00%	0.70%	0.60%	0.825%
Bank 6 Month CD*	0.41%	0.38%	0.23%	0.18%	0.30%
Bank 1 Year CD*	0.59%	0.54%	0.34%	0.27%	0.44%

*(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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THE ONE NUISANCE CALL YOU WANT TO TAKE

We all are experiencing those numerous calls with offers for goods and services in which we have no interest. However, your credit union wants to give you a number that you should really answer. It is **877-253-8964**.

That number is from our fraud alert agency. They watch your card constantly. They’re the good guys. They will attempt to contact you when your card is used in an unusual pattern. It might have been used to withdraw funds in some Eastern European country. Or an excessive charge in amounts not within your pattern will trigger a call.

Since many different agencies are attempting to curb those nuisance calls, your phone service may even show “potential spam.” Don’t be afraid. Answer the call if it’s from **877-253-8964**. Your proper response will assist you in protecting your card and its continued use.

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

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

All locations are open 9-5 weekdays, except
October 12 (Columbus Day), November 26 (Thanksgiving Day)
and December 24-25 (Christmas Eve and Christmas)

Virtual Branch - <https://ktfcu.org>

WHOSE NAME IS ON THE DOOR?

If you are of a more mature age, you will recall that there were many retail outlets in which the owner proudly placed his or her name on the door. There are few Knoxville retail stores in which the original owner's name is still on the door. We've noted that there is a higher degree of personal service in those businesses than in the chain store variety.

Your credit union is quiet proud of the fact that the owners' name is on our doors. "Teachers" is our name and we believe that means something special. We have no plan to change our name to indicate that we are one of the "open" credit unions that have had to adapt to the changing employment of their core membership.

The officers of this credit union are teachers. The owners of this credit union are the members so our owners are teachers, other school employees and their immediate family members. It is only natural that we are going to try to always give the best service to the people whose name is on our doors. Teachers have the power of ownership.

WE DOZE BUT NEVER CLOSE...

OK, we stole that from a local grocery merchant from some years back. But, we are available to members on an around-the-clock basis. Just like everyone, we have to go home to wash up and feed the dog. But, members are in contact with their credit union and their money constantly.

Over sixty percent of our loans are being processed by the members by use of their phones—smart and otherwise. Even though we like to see members in person, we also celebrate the fact that our members have not been isolated from their credit union by the virus, the clock or holidays. Members now know they can access cash, pay bills, send money to that out of town brother-in-law (him again?) or do any of those tasks that involve your money safely held by Knoxville Teachers Federal Credit Union. So, if you find you can't sleep while we are dozing, get your phone or lap top and do your money management chores. It can be kinda fun.

IS ZERO INTEREST IN YOUR INTEREST?

We've been watching in amusement the long history of enticements used by automobile dealers to gain consumers' attention. Our earliest memories started with the promise of a hula hoop to take that test ride. Then there were Green Stamp offers. (Have we lost our youngest readers?)

To skip to today, we must evaluate "zero interest." Firstly, with interest rates at record lows, it's not really that significant. But zero is zero so we must take it seriously. Generally, zero interest is limited to new car purchases. It is a well established fact that the drive away from the dealer reduces the value of the purchase by more than you save on interest. So, consider being an owner of a recent model vehicle. That will give you immediate savings that will not evaporate if your new car is wrecked, stolen or otherwise disposed of within the term of the zero interest.

Another factor to remember is that dealers may be absorbing the cost of financing by adding to the final negotiated price of your purchase. To test this, get a prior approval of a loan from your credit union and play the "I think I will just pay cash for the car" card. Frequently, you will see new numbers being churned out.

However, we have discussed the phenomenon of "negative interest" found in many countries and especially in Japan. Dealers of cars imported from Japan may be basing their loans for automobile purchases from Japanese banks which are backing their automobile manufacturers with zero or even lower interest. Purchasers may be benefiting from the misfortune of savers in Japan.

A long time advice from Knoxville Teachers Federal Credit Union has been. "Don't ruin a good car deal with bad financing."

NOTHING FREE AT KTFCU!

Most places are eager to advertise a free something. Two for the price of one, free shipping, or free service. You will not see that at KTFCU. Yes, we often mention that a service or option is provided at no additional fee but not free. Nothing in the real world is free. It has a cost and that cost is paid somewhere in the process. Even when we use the phrase, "at no additional cost," it is to convey that something of value is available but there is no addition to the price.

The credit union is a cooperative owned by the members of the credit union. Your Board and management carefully consider pricing of any service. Often, it's found that an additional service can be offered at no cost. When it can't, we provide that service and simply pass the actual cost on to the individual using that service.

Sometimes a way of offsetting the cost can be found. A recent example is the option of having personalized debit cards offered to members at no additional cost. Previously, this option was available, but with a cost attached to assure the other members were not paying for that service. Recently, VISA increased its payment to the issuers of cards. KTFCU saw this as an opportunity to pass this increased income to members by letting it offset the cost of providing personalized cards.

Spending money isn't always fun, but having a card that reflects your personality sure is. If you would like your family portrait, your dog, your favorite building or nature scene on your KTFCU debit card, see ktfcu.org for instructions on how to proceed – at no additional cost.