



The Credit Union Difference = More Than You Think

Not for profit, not for charity, but for service

Credit unions are not-for-profit financial cooperatives, owned by the people who save and borrow there. Every member has the right to vote for members of the credit union board. The majority of credit union boards are made up of volunteer members.

Unlike most other financial institutions, credit unions do not issue stock or pay dividends to outside stockholders. Instead, earnings are returned to our members in the form of lower loan rates, higher interest on deposits, and lower fees.

By current federal statute, credit unions cannot serve the general public. People qualify for a credit union membership through their employer, organizational affiliations like churches or social groups, or a community-chartered credit union.

Our critics often claim that credit unions “don’t pay taxes.” **Credit unions do pay taxes – payroll taxes, sales taxes, and property taxes.** Congress exempts credit unions from federal income taxes. The exemption was established in 1937, affirmed by statute in 1951, and re-affirmed in 1998 in H.R. 1151, the Credit Union Membership Access Act, which states:

Credit unions, unlike many other participants in the financial services market, are exempt from Federal and most State taxes because credit unions are member-owned, democratically operated, not-for-profit organizations generally managed by volunteer boards of directors and because they have the specified mission of meeting the credit and savings needs of consumers, especially persons of modest means.

Our Credit Union

Montgomery Teachers Federal Credit Union is located in Montgomery, Alabama. We have approximately 8,300 members with \$15 million in assets. The credit union was founded in 1961 and originally served employees and family members of the Montgomery County Board of Education. Since then, our field of membership has expanded to include employees and family members of:

- Montgomery County Board of Education
- Autauga County Board of Education
- Butler County Board of Education
- Crenshaw County Board of Education
- Elmore County Board of Education
- Lowndes County Board of Education
- Alabama Industrial Training
- Alabama State University
- Bethany Academy
- Capps College
- Central Alabama O.I.C.
- Children’s Center
- Evangel Temple Educational Ministries, Freedom Life Christian Academy
- John M. Patterson Campus of Trenholm Technical College
- Macon-East Montgomery Academy
- New Hope Child Care Center
- Taylor Road Academy
- Thomas Child Care Centers, Inc.
- Trenholm, College
- Truett Christian Academy

Students of the following educational institutes are also eligible for membership: Alabama State University, Alabama Industrial Training, Capps College, John M. Patterson Campus of Trenholm Technical College, and Trenholm College.

Our credit union provides basic financial services including share drafts (checking), share accounts (savings), loans, IRA's, Certificates of Deposit, etc. But, we also do a lot more. We do everything we can to provide "no cost" services to our members. Some of our unique services include:

- Financial Education including seminars to promote financial literacy
- First Year Educational Employee Loans- designed for first year teachers in the educational field
- Bill Consolidation loans- designed to help members get credit back on track
- Signature Loans
- Risk-Based Lending
- Overdraft Protection
- Free Checking
- Free Notary Service
- Free Debit Cards
- Service Center Participation
- Youth Programs- Kid Power (5-12), Dollars and Sense (Savings for Teens)
- Scholarships and Grants

Our Commitment to Serving Our Members — We Make the Difference

Credit unions exist to help people, not make a profit. Our goal is to serve our entire membership well, including those of modest means. The average annual income for the members of our credit union is \$20K - \$40K and 60% of the credit union's annual marketing budget is aimed at trying to reach the lower income member. In addition, we reach out to members or potential members who are un-served or underserved by offering:

- Small saver certificates with a low balance of \$500 to encourage savings.
- A portfolio of services designed to help members re-establish and build damaged credit histories.
- Low cost automobiles on site to provide affordable transportation to members. The credit union has a representative that attends local automobile auctions to obtain low cost, reliable vehicles. The vehicles are then brought to the credit union for members to purchase. This allows the member the opportunity to purchase low-cost transportation without the hassle of a dealership.

Our Commitment to Financial Education & Literacy

Promoting financial literacy has been a primary mission of credit unions since we were established. Edward A. Filene, the father of the American credit union movement in 1908 said, "Credit unions are educational institutions." Our intent is to teach people wise money management skills they can use to make their entire lives better. Some examples in our credit union include:

- Quarterly newsletters that include information on financial topics
- Educational Messages and topics included with the monthly statements
- Video Library located on site at the credit union for member to check out - topics include 'what is a credit union', how credit unions differ, financial counseling, etc.
- Audio Tape Series that members or staff can check out- "Financial Fitness: How to Budget you Time, Your Money and Your Life" , "How to Mangle Priorities and Meet Deadlines" , "How to Make

Presentations with Confidence and Power”, “The Exceptional Assistant”, “The Grammar and Usage Seminar”, “Grammar for Business Professionals”, Exceptional Customer Service, and Finance and Accounting for Nonfinancial Managers”.

- Educational Web site links- National Automobile Dealers Association, Credit Union National Association, National Credit Union Administration, National Association of Federal Credit Unions, Savings Bonds and I Bonds,
- Loan Calculator- located on the web site allows members to see what they can afford and help work on their budget.
- Ongoing financial seminars- topics include: Financial Planning, The Benefits of Long-term Health Care Insurance, Home Equity Loans, I Bonds, Time Management, How to Manage a Checking Account, Getting Your Credit Back on Track, Preparing a Budget, Considering Bankruptcy? You may want to hear this first! Wills and Powers of Attorney (speaker was an attorney and offered every attendee an hour of free consultation.), and Using Your Credit Union Services. The seminars are free to members and are after hours or on the weekends to accommodate member’s schedules.
- Kids Program: ages 6-10, 11-14, and 15-18. Each age level has a different activity. For example, the youngest children get savings banks. The middle age group gets a comic book/activity book with a savings bank. The high school level receives a workbook that actually teaches them how to write a check, balance a checkbook, read a statement and includes a real sample checkbook to practice writing checks. Each youth member receives these items when they sign up as a member.
- The credit union has a product that is sold to members at cost called the “KidSavers Club.” It is a kit that teaches kids how to “spend, share, and save.” It is aimed at children 7+ years old. It teaches budgeting skills, savings skills, and also contains activities for the parents.

The connection of our credit union to the local educational institutions helps us to promote financial literacy in the community. Our credit union:

- Attends local colleges and hosts a variety of workshops for new students basic ‘how to’ financial skills.
- Displays an Information booth at the Boards of Education new employee orientations- We talk to all new teachers in all six counties within the field of membership. The booth not only promotes the credit union, but also promotes the services available to the teachers including the grant applications.
- Sponsors an annual scholarship of \$1,000 to a deserving high school senior- On occasion, two \$1,000 scholarships are awarded due to a high number of applications and excellent candidates.
- Sponsors up to \$1,000 in teaching grants annually. The grant program is entitled “Planning: The Key to a Successful Financial Future.” Applicants are required to evaluate the project and prepare a summary of the project and how it affected the grade level where the money was applied.
- Has a representative in every school within our six county field of membership to promote grants and scholarships, distribute credit union information, and promote upcoming financial seminars.
- Developed a loan program for first year teachers. These teachers do not receive a paycheck for nearly two months during their first year of teaching. This low interest loan, tied to their direct deposit, must be paid back within a six month period. It allows many of first year teachers the opportunity to begin building their credit history.

Our Commitment to Good Governance and Diversity

Credit unions exist to serve all members equally, with dignity, respect and consideration. We strive to serve everyone who needs financial services within our membership and to be sensitive to the individual needs of the various cultures we serve.

- Employees and volunteers reflect the diversity of our members.
- The nominating committee actively seeks wider member representation for the credit union board and committees.
- Advisory groups of members are established to solicit feedback, discuss future directions, encourage involvement in board or other volunteer committees
- Special training is provided for members on the board of directors, other volunteer committees, and staff.
- Annual Meetings are made more accessible to accommodate the majority of members
- Board and Committee attendance standards are set
- Household income data is analyzed to ensure our diverse market segments have programs and services that meet their specific needs

Our Commitment to Community & The Credit Union Movement

Credit unions don't just exist to provide financial services—we provide financial services for the purpose of improving lives. While our first responsibility is to our members, part of being a cooperative movement means looking beyond our walls to the larger community. This philosophy leads us to support worthwhile charitable and social causes, and to work with other credit unions. “People are amazed that we don't just concentrate on their money. We focus on their total well being.”

- Lobby materials free for members- The credit union has a corner specifically for the members 50+ years of age. AARP supplies the credit union with materials pertaining to 'staying healthy' at no cost.
- Web Site Links - CNN, Dow Jones, USA Today, The Wall Street Journal, The Montgomery Chamber of Commerce, Volunteer and Information Center, Alabama Public Television, Montgomery Museum of Fine Arts, Google, AARP, AAA, and Montgomery Parents.
- We budget annually for charitable donations to the local YMCA and Kawanis Club Charities.
- We are an active participant in local community organization by volunteering staff to assist in civic goals such as the American Red Cross Heart Walk and Blood Drive.
- Staff is allowed to take time off for community volunteer activities such as the Healthsouth Blood Mobile.
- Our credit union participates in a cooperative advertising campaign with the Montgomery Chapter of Credit Unions during International Credit Union Week.
- We also participate in strategic alliances with other credit unions by affiliation with: the Alabama Credit Union League, the Credit Union Manager's Association, CU-Vote (a political advocacy group), Credit Union Service Center Network, the Montgomery Chapter of Credit Unions, and the Montgomery Credit Union Car Sale. Participation in 'Hike the Hill' in conjunction with other local credit unions at both the state and national level.
- We participate in political and grassroots campaigns to promote and protect the credit union movement to policymakers: by way of email, phone calls, letters, and on-site visits to the state and local legislators.
- We educate and encourage staff to contribute to PACs (political action committees.)
 - The credit union provides the space for their data processor to use as a discovery recovery site for all Montgomery credit unions that are on the same data processing system.
 - We participate in the Credit Unions for Kids campaign to raise money for the Children's Hospitals.



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