

Credit Union Opens at Duke University

On May 1, a historic first will take place when the Duke University federal credit union opens its doors. The credit union will be run by faculty members and employees to provide a convenient way to save money through either payroll deduction or direct deposit. Another feature of the credit union is that it will also provide a convenient way of borrowing money at a low interest rate. The purpose of the credit union is to promote thrift among its members by offering them a means of making safe and regular savings and to enable members, when in need, to obtain loans at reasonable rates of interest for worthwhile things such as auto loans, Christmas purchases, etc.

Duke University which originated the study of having a credit union some 6 months ago endorses it and is giving some initial financial assistance to insure its success. Any faculty member or employee who is interested in hearing more about the federal credit union should attend the organization meeting which will be held in Page Auditorium in April 1968. If you cannot attend the meeting ask your supervisor to secure an application blank for you. The credit union mailing address is Duke University Federal Credit Union, Box 4751, Duke Station, Durham, N.C. 27706.

The Credit Union was organized to promote thrift among its members by offering them a means of making safe and regular investments, and to enable them to obtain moderate loans at reasonable rates. Although it is not a part of Duke University, the corporation has full University approval and is chartered and audited by the Federal Government through the Bureau of Credit Unions (a branch of the Department of Health, Education and Welfare). The Credit Union will be managed by a Board of Directors, a Credit Committee and a Supervisory Committee, all of whom will be elected for staggered terms of office by and from the membership. Elections will be held at annual shareholders' meetings each January. With the exception of the treasurer, officers will receive no pay. Members themselves will vote to decide dividend rates, as well as other policy matters. Each member, regardless of the number of shares he owns, will have one vote at the annual meeting. To ensure that the management of the Credit Union remains with its active membership, members must be present to vote.

Savings Plan

The new Credit Union will enable its members to purchase savings shares that will draw dividends each January. The cost of each share is \$5, but payments on shares may be made in any amount and will accumulate until a whole share is credited. Payments may be made by check, money order, cash, or payroll deductions. Although dividends from the shares will depend on the Credit Union's net profits, they should be equal to or higher than bank rates. To enact automatic payroll deductions, members fill out a payroll deduction card specifying the amount to be deducted each month. The deducted amount must be in multiples of \$1 and may not be less than \$1 per month. When a member's savings reach \$5--one share--he becomes a shareholder and is entitled to full membership privileges. Savings may be withdrawn at any time as long as they are not pledged as security for loans. If a member who holds a loan totaling more than his shares wishes to withdraw his savings, he must first secure approval of the Credit Committee and of any co-signers of his loan. Generally, however, all that is required for withdraw-

al is a request for remittance. Shares begin drawing a dividend one month after the date that they are credited to a member's account. Dividends are computed on December 31, based on the number of months each \$5 share has been on deposit. Shares which have been withdrawn do not draw dividend for that year.

Added Security

Credit Union members will automatically receive an additional form of security through a Life Savings Insurance plan. Broadly speaking, the plan doubles the savings (up to \$2,000) of a Credit Union member upon his death. The only requirement for full coverage under this plan is that the member be less than 55 years old at the time he deposits his money, and that he be able to perform the usual duties of his occupation at that time. Money deposited after age 55 is insured as follows: 75% coverage if deposited between ages 55-59 inclusive; 50% coverage if deposited between ages 60-64 inclusive; 25% coverage if deposited between ages 65-69 inclusive. The amount of coverage depends upon the age of the member at the time he makes his deposit, not at the time of his death. No coverage is provided on deposits made after a member attains age 70. Joint savings accounts may be established in the Credit Union. Since only the first named owner of such an account is insured under the Life Insurance plan, optimal benefits may be obtained by establishing more than one joint account. A member, for example, may obtain dual coverage by establishing a joint account naming himself first and his wife second, and a second joint account naming his wife first and himself second.

Loans

Credit Union members will be eligible to borrow money at an interest rate of 1% per month on the unpaid balance of the loan. Repayment schedules vary, depending on the purpose and amount of the loan, and are subject to the approval of the Credit Committee. Loans are repaid through regular payroll deductions, but may be paid off at any time. Deductions may be supplemented by additional payments, thus effecting a savings on the unpaid interest. The Credit Committee recommends that loans be repaid under a level payment plan, under which the member agrees to repay a stated amount monthly. The amount of his repayment will include a small additional sum for savings and interest. As the loan balance decreases, the interest charge also diminishes, and the difference is deposited in the member's share account.

Subject to the Credit Committee's approval, up to \$50 may be borrowed on the borrower's signature alone. Larger amounts may be borrowed for Automobiles, etc. upon presentation of acceptable security, to be determined by the Credit Committee on the basis of the borrower's past borrowing record and character. Interest is charged only on the amount of money owed, based on the length of time it is owed. The Credit Union also carries, at no cost to its members as special protection to members' families, protection insurance on all loans except those made to persons over age 70 or to those who are physically disabled. Under terms of the insurance, the unpaid balance of a loan is paid by the Credit Union upon death (prior to age 70) or permanent disability (prior to age 60). Application blanks for joining the plan are available in the University Credit Union Office.