

Important Facts About Share Accounts Truth in Savings

Effective November 1, 2016

Truth in Savings Disclosure

Information contained in this brochure is correct as of November 1, 2016. All disclosures, rates, terms, fees and conditions are subject to change at any time.

Membership in the Credit Union is a requirement for any service. The minimum par (participating) value of a share in the Credit Union is \$5. Members must maintain an amount equal to one share in a Regular Savings account at all times.

Regular Savings, Club Savings, IRA Accumulation, SEP Accumulation, Dollar Dog Savings, MyCash Savings

Rate Information

The dividend rate and annual percentage yield may change monthly as determined by the Credit Union Board of Directors. Dividends are calculated using a tiered dividend rate based on the average daily balance. Your average daily balance for the month that corresponds to the applicable account balance tier will earn the stated dividend rate. This rate will be paid on the full account balance.

Compounding and Crediting

Dividends will be compounded monthly on the average daily balance. Dividends will be posted to your account on the last day of every month.

Dividend Period

The dividend period for Regular, Club, IRA, SEP, Dollar Dog, and My Cash Savings is monthly. For example, the beginning date for the first dividend period of the calendar year is January 1 and the ending date of the dividend period is January 31. Posting date of dividends is the last day of the month. All other dividend periods follow this pattern.

Minimum Balance Requirement

A Regular Savings account is our primary savings account which is required to be established by every member. The minimum deposit required to open a Regular Savings account is \$5. No minimum deposit is required to open a Club Savings account, IRA Accumulation account, SEP Accumulation account, Dollar Dog Savings account, or MyCash Savings account.

For Regular Savings accounts, to avoid a \$5 per month maintenance fee, one or more of the following is required: average daily combined deposit balances of \$200 or more, a checking account (excludes Anew, Roadmap, HSA, and Business checking), a loan or active credit card, under age 26 or over age 65, or the first 12 months after account opening. This maintenance fee does not apply to those members with Dollar Dog or MyCash Savings accounts.

Transaction Limitations

For Regular Savings, Club Savings, Dollar Dog, and My Cash accounts, no more than six (6) transfers or withdrawals during any statement period are permitted to any other account owned by the same member at the Credit Union, or to a third party by means of preauthorized or automatic transfer or telephonic order of instruction. Any transfers or withdrawals made by check, debit card, ACH, phone banking, online banking, or similar order and payable to a third party are included in this limitation. In-person withdrawals, requests for checks mailed and payable to you, or transfers for the purpose of repaying loans are excluded from the withdrawal limits.

For IRA and SEP Accumulation accounts, you may not make any preauthorized, automatic, or telephone transfers from your account at any time.

Dollar Dog Savings and MyCash Savings

The Dollar dog Savings account is offered to eligible members up to twelve (12) years of age. Upon reaching thirteen (13) years of age, the dollar Dog Savings account will convert to a MyCash Savings account.

The MyCash Savings account is offered to eligible members between the ages of thirteen (13) and eighteen (18) years of age. Upon reaching eighteen (18) years of age, the MyCash (13+) Savings account will convert to a Regular Savings account.

For either account, the minor's Social Security Number/Tax Identification Number is used for Backup Withholding Certification. A parent or legal guardian must be a joint owner on the account.

Personal Reserve & Personal Reserve IRA

Rate Information

The dividend rate and annual percentage yield may change monthly as determined by the Credit Union Board of Directors. Dividends are calculated using a tiered dividend rate based on the average daily balance. Your average daily balance for the month that corresponds to the applicable account balance tier will earn the stated dividend rate. This rate will be paid on the full account balance.

Compounding and Crediting

Dividends will be compounded monthly on the average daily balance. Dividends will be posted to your account on the last day of every month.

Dividend Period

The dividend period for Personal Reserve and Personal Reserve IRA is monthly. For example, the beginning date for the first dividend period of the calendar year is January 1 and the ending date of such dividend period is January 31. All other dividend periods follow this same pattern.

Minimum Balance Requirement – Personal Reserve

No minimum deposit is required to open a Personal Reserve or Personal Reserve IRA account.

Transaction Limitations

For Personal Reserve accounts, no more than six (6) transfers or withdrawals during any statement period are permitted to any other account owned by the same member at the Credit Union, or to a third party by means of preauthorized or automatic transfer or telephonic order of instruction. Any transfers or withdrawals made by check, debit card, ACH, phone banking, online banking, or similar order and payable to a third party are included in this limitation. In-person withdrawals, requests for checks mailed and payable to you, or transfers for the purpose of repaying loans are excluded from the withdrawal limits.

For Personal Reserve IRA Accounts, you may not make any preauthorized, automatic, or telephone transfers from your account at any time.

Classic and Prestige Checking - Requirements to Avoid a Monthly Minimum Activity Fee

Any Classic or Prestige Checking account with fewer than 5 combined check/e-pay/debit card transactions per month will be charged a \$5 fee. To avoid a monthly fee, one or more of the following is required: average daily combined deposit balances of \$200 or more, a loan or active credit card, under age 26 or over age 65, or the first month checking is open.

Classic Checking

Rate Information

Classic Checking accounts do not earn dividends.

Minimum Balance Requirements

No minimum balance is required to open this account. To avoid a monthly minimum activity fee, please see above.

Transaction Limitations

To avoid a monthly minimum activity fee, please see above.

Prestige Checking

Rate Information

The dividend rate and annual percentage yield may change monthly as determined by Credit Union Management. Dividends are calculated using a tiered dividend rate based on the average daily balance. Your average daily balance for the month that corresponds to the applicable account balance tier will earn the stated dividend rate and be paid on the full account balance when all Prestige Checking requirements are met. The Regular Savings second tier rate will be paid monthly on any amount over \$25,000 and will be paid on all balances if Prestige Checking requirements are not met.

Compounding and Crediting

Dividends will be compounded monthly on the average daily balance. Dividends will be posted to your account on the last day of every month.

Dividend Period

The dividend period for Prestige Checking is monthly. For example, the beginning date for the first dividend period of the calendar year is January 1 and the ending date of the dividend period is January 31. Posting date of dividends is the last day of the month. All other dividend periods follow this pattern.

Minimum Balance Requirement

No minimum balance is required to open this account. To avoid a monthly minimum activity fee, please see above.

Transaction Limitations

To avoid a monthly minimum activity fee, please see above.

Account Requirements

Prestige Checking requires that you have an active Kentucky Telco loan or Kentucky Telco VISA Platinum Credit Card, a Kentucky Telco SmartCash VISA Debit Card, and have a paycheck, Social Security, retirement check, or other recurring deposit of \$800 or more per month automatically deposited into your account. Your SmartCash VISA Debit Card must reflect a minimum of one transaction every 90 days. Your VISA Platinum Credit Card, if you have no loan with the Credit Union, must reflect a minimum of one transaction every 90 days. Repeated months of non-usage may disqualify you from having Prestige Checking account and/or earning the applicable Prestige Checking tiered dividend rate.

Anew Checking

This account is for members who are trying to improve their financial well-being and need someone to give them a chance.

Rate Information

Anew Checking accounts do not earn dividends.

Minimum Balance Requirement

No minimum balance is required to open or maintain this account.

Transaction Limitations

No transaction limitations apply to this account.

Fees and Charges

An account maintenance fee of \$12 will be charged every month.

Account Restrictions

No BounceSafe Overdraft Courtesy protection or BounceSafe Debit Overdraft protection is available for a minimum of 12 months from the opening of this account. After 12 months, the member may request an account review for account type change and/or the addition of BounceSafe protection.

Roadmap Checking

This account is for our young members age 18 through 25. (When a member turns age 26, this account will automatically convert to a Classic Checking account unless the member directs the Credit Union otherwise. Please see Classic Checking information provided above.)

Rate Information

Roadmap Checking accounts do not earn dividends.

Minimum Balance Requirement

No minimum balance is required to open or maintain this account.

Transaction Limitations

No transaction limitations apply to this account.

Business Checking

Rate Information

Business Checking accounts do not earn dividends.

Minimum Balance Requirement

You must maintain a minimum average daily balance of \$5,000 to avoid a monthly fee.

Transaction Limitations

No transaction limitations apply to this account.

Fees and Charges

The monthly fee for Business Checking is \$10.00 unless a \$5,000 average daily balance is maintained.

Corporate Reserve (requires Business Checking)

Rate Information

The dividend rate and annual percentage yield may change monthly as determined by the Credit Union Board of Directors. Dividends are calculated using a tiered dividend rate based on the average daily balance. Your average daily balance for the month that corresponds to the applicable account balance tier will earn the stated dividend rate. This rate will be paid on the full account balance.

Compounding and Crediting

Dividends will be compounded monthly on the average daily balance. Dividends will be posted to your account on the last day of every month.

Dividend Period

The dividend period for Corporate Reserve accounts is monthly. For example, the beginning date for the first dividend period of the calendar year is January 1 and the ending date of such dividend period is January 31. All other dividend periods follow this same pattern.

Minimum Balance Requirement

You must maintain a minimum average daily balance of \$5,000 in your account to obtain the disclosed annual percentage yield. If you do not maintain the minimum balance, no dividends are earned.

Transaction Limitations

Withdrawals are limited to \$500 minimum. There are no restrictions on deposit amount or frequency. Corporate Reserve accounts allow automatic overdraft coverage of Business Checking in minimum transfer amounts of \$500 limited to three transfers per month. There is a \$5 charge per transfer.

HSA (Health Savings Account) Checking

Rate Information

The dividend rate and annual percentage yield may change monthly as determined by Credit Union Management.

Compounding and Crediting

Dividends will be compounded monthly on the average daily balance. Dividends will be posted to your account on the last day of every month.

Dividend Period

The dividend period for HSA Checking is monthly. For example, the beginning date for the first dividend period for the calendar year is January 1 and the ending date of the dividend period is January 31. Posting date of dividends is the last day of the month. All other dividend periods follow this pattern.

Minimum Balance Requirement

No minimum balance requirements apply to this account.

Transaction Limitations

There are no limitations on the number or dollar amount of withdrawals subject to being qualified distributions as defined by the Internal Revenue Service. Federal regulations limit the dollar amount of deposits (contributions).

Account Disclaimer

Kentucky Telco Credit Union will make no determination as to the member's eligibility to establish a Health Savings Account(HSA), will not prevent excess contributions from being deposited into the member's HSA, and will not make the determination as to whether distributions have been used for qualified medical expenses. Any information provided to the member for general information purposes neither constitutes, nor should be relied upon, as tax, legal, or investment advice. The member is advised to consult with a competent tax advisor with regard to the member's eligibility to establish an HSA and any Federal and State tax consequences of any HSA the member establishes.

Share Certificate/IRA and SEP Share Certificate

Rate Information

Dividend rates and annual percentage yields may change weekly as determined by Credit Union Management. The dividend rate given at share certificate account opening is fixed for the term of that share certificate.

Compounding and Crediting

Dividends will be compounded quarterly on the average daily balance. Dividends will be posted to your account on the last day of each calendar quarter and/or upon maturity. Alternatively, you may choose to have dividends paid to you or to another account quarterly rather than credited to this account.

Dividend Period

For Share Certificate accounts the dividend period is each calendar quarter and, if the maturity falls on a date other than the end of a calendar quarter, on the actual maturity date. For example, the beginning date for the first dividend period of the calendar year is January 1 and the ending date of the dividend period is March 31. All other dividend periods follow this pattern. A Share Certificate

purchased March 20 would then receive dividends on March 31 and again each calendar quarter after that, and/or upon maturity.

Effect of Closing an Account

If you close your account prior to maturity, there will be a dividend penalty assessed, which at no time will exceed dividends accrued and/or paid.

Minimum Balance Requirement

The minimum balance required to open a Share Certificate is \$500. You must maintain a minimum balance of \$500 in your account to obtain the disclosed annual percentage yield.

Transaction Limitations

You may not deposit additional funds to this account during the term of the certificate.

You can withdraw dividends accrued in the term before maturity of that term without penalty.

Early Withdrawal Penalties

We will impose a penalty if you withdraw any funds other than dividends before the maturity date as follows:

- Term of one year or less -- greater of \$50 or 90 days dividend on the amount withdrawn not to exceed total dividends accrued and/or paid,
- Term of >1 year up to 3 years -- greater of \$50 or 180 days dividend on the amount withdrawn not to exceed total dividends accrued and/or paid,
- Term of >3 years up to 5 years --- greater of \$50 or 365 days dividend on the amount withdrawn not to exceed total dividends accrued and/or paid.

Penalties for early withdrawal may be waived in certain circumstances as permitted or as may be required by law. These circumstances may include the death or incompetence of the owner of the account or a required IRA distribution.

Please consult a qualified tax advisor with regard to any Federal and State tax consequences for early withdrawals from IRA and SEP Share Certificates.

Withdrawal of Dividends Prior to Maturity

The annual percentage yield is based on an assumption that dividends will remain in the account until maturity. A withdrawal will reduce earnings.

Renewal

Your Share Certificate account will automatically renew at maturity at the then current rate for a like term share certificate. The Credit Union will mail you a written notice 10 days prior to certificate maturity. You will have a 10-day grace period following the maturity date to withdraw funds in the account without a penalty.

COMMON FEATURES

Rate Information

For all accounts, dividend rates and annual percentage yields may change for every dividend period as determined by the Credit Union Board of Directors and/or Credit Union Management. The dividend rates and annual percentage yields are the prospective rates and yields that the Credit Union anticipates paying for the applicable dividend period.

Dividend rates for Savings accounts are determined monthly by the Credit Union Board of Directors at its regularly scheduled meeting preceding the month for which dividends are declared.

Dividend rates for Checking accounts are determined monthly by Credit Union Management preceding the month for which dividends are declared.

Dividend rates for Share Certificates are determined weekly by Credit Union Management. Upon opening a share certificate, the dividend rate is effective for the term of the certificate.

The dividend rate is the annual rate paid on an account before compounding. The annual percentage yield, or APY, is the percentage rate reflecting the total amount of dividends earned on an account, at the base dividend rate, when the dividend is compounded and the funds left in the account for a 365 day (one year) period.

Nature of Dividends

For accounts earning dividends, other than term share accounts, dividends are paid from current income and available earnings, after required transfers to reserves at the end of a dividend period.

Accrual of Dividends on Non-Cash Deposits

For all dividend-bearing accounts, dividends will begin to accrue on the business day that you deposit non-cash items (checks are non-cash items) to your account.

Transaction Limitations

The Credit Union may, from time to time, amend rules governing deposits, transactions, fees, charges, and withdrawals.

Minimum Balance Requirements

This is the amount needed to open an account and the average daily balance you must maintain in an account to earn dividends or avoid a service fee.

Average Daily Balance Method

Dividends are figured by adding up each balance in the account for each day in the dividend period and dividing by the number of days in the period. The periodic rate is then applied to that average daily balance in the account for the period.

Example: Dividend Period = monthly or 30 days

Days 1- 15: \$1,500 (balance) X 15 = \$22,500

Days 16 – 30: \$3,000 (balance) X 15 = \$45,000

(\$22,500 + \$45,000) / 30 = \$2,250 (avg. daily balance)

The periodic rate is calculated by multiplying the daily rate by the number of days in the period.

Example: .0136 (daily rate) X 30 days = .408 periodic rate

.408 (periodic rate) X \$2,250 (avg. daily balance) = \$9.18

dividends for period

Inactive/Dormant/Abandoned Accounts

An Inactive account is any account, except an IRA and Share Certificate term account, that has had no activity in the prior 12 months. The member, or family at the same address, has no active loans, credit lines or other accounts with the Credit Union. Inactive accounts will be charged a monthly fee of \$5. A Dormant account is an inactive account, with no contact with the member except statements or notices for 5 years. Dormant accounts will be charged a monthly fee of \$25. An Abandoned account is an inactive account that is not receiving statements due to an invalid address. Abandoned accounts will be charged a monthly fee of \$25. Further, if no activity occurs in your account within the time period specified by applicable state law, the property in your account may be subject to transfer to the appropriate state authority ("escheatment"). We have no liability if your account becomes dormant and is therefore subject to escheatment in accordance with applicable state law.

Bylaw Requirements

Members are bound by such rules and requirements as may be set from time to time by the Board of Directors. The Credit Union may require members to give written notification (not less than seven days and up to 60 days) of intent to withdraw funds from any account except a share draft account. No member may withdraw funds pledged as security for any loan, except as permitted by the Credit Union. The Credit Union may restrict withdrawals if a member is delinquent on any primary or contingent liability to the Credit Union and deposits are subject to offset to cover any indebtedness owed the Credit Union.

You must be and remain a member in good standing to maintain any account. The par value of a share in this Credit Union is \$5.00. If you fail to complete the purchase of one (1) share within six (6) months of your admission to membership, or within six (6) months from the increase in the par value in shares, or if your primary savings account balance is reduced below the par value of one (1) share and you do not increase the balance to at least the par value of one (1) share within six (6) months of the reduction, you may be terminated from membership at the end of a dividend period.

Accessibility

Account balances and statement history are accessible through telephone and online banking.

Account Insurance

Member accounts are federally insured to \$250,000 by the National Credit Union Share Insurance Fund which is backed by the full faith and credit of the United States.

DATE: _____

YOUR ACCOUNT

You have either requested account information or opened accounts with us. Details regarding these accounts are included in this brochure. Additional information may be included with your account materials, share certificates, separate disclosures, and periodic statements.

SAVINGS AND CHECKING ACCOUNTS

The prospective dividend rates and anticipated annual percentage yields quoted for any savings and checking accounts are current on the date given (above) and are for the current dividend period.

REGULAR SAVINGS/CLUB SAVINGS/IRA ACCUMULATION/SEP ACCUMULATION/DOLLAR DOG SAVINGS/MYCASH SAVINGS

If the:

Average Daily Balance is \$0-\$14,999.99, the dividend rate on this account is _____% with an annual percentage yield of _____%.

Average Daily Balance is \$15,000-\$49,999.99, the dividend rate on this account is _____% with an annual percentage yield of _____%.

Average Daily Balance is \$50,000 or more, the dividend rate on this account is _____% with an annual percentage yield of _____%.

PERSONAL RESERVE/PERSONAL RESERVE IRA/CORPORATE RESERVE

If the:

Average Daily Balance is \$0-\$4,999.99, the dividend rate on this account is _____% with an annual percentage yield of _____%.

Average Daily Balance is \$5,000-\$14,999.99, the dividend rate on this account is _____% with an annual percentage yield of _____%.

Average Daily Balance is \$25,000-\$49,999.99, the dividend rate on this account is _____% with an annual percentage yield of _____%.

Average Daily Balance is \$50,000-\$99,999.99, the dividend rate on this account is _____% with an annual percentage yield of _____%.

Average Daily Balance is \$100,000 and over, the dividend rate on this account is _____% with an annual percentage yield of _____%.

CLASSIC CHECKING: Earns no dividends.

PRESTIGE CHECKING

If the:

Average Daily Balance is \$0-\$4,999.99, the dividend rate on this account is _____% with an annual percentage yield of _____%.

Average Daily Balance is \$5,000-\$14,999.99, the dividend rate on this account is _____% with an annual percentage yield of _____%.

Average Daily Balance is \$15,000-\$24,999.99, the dividend rate on this account is _____% with an annual percentage yield of _____%.

Average Daily Balance is \$25,000 or more, the dividend rate on this account is _____% with an annual percentage yield of _____%.

ANEW CHECKING: Earns no dividends.

ROADMAP CHECKING: Earns no dividends.

HEALTH SAVINGS ACCOUNT CHECKING

The dividend rate on this account is _____% with an annual percentage yield of _____%.

BUSINESS CHECKING: Earns no dividends.

CERTIFICATES

For purposes of this disclosure, the certificate dividend rates and certificate annual percentage yields quoted have been offered within the most recent seven calendar days and are accurate as of the date given (above).

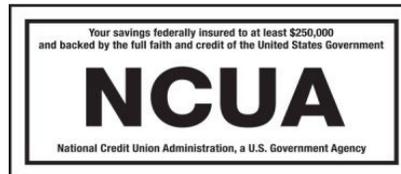
SHARE CERTIFICATE

The dividend rate on this account is _____% with an annual percentage yield of _____% for the following term: _____ months.

IRA AND SEP SHARE CERTIFICATE

The dividend rate on this account is _____% with an annual percentage yield of _____% for the following term: _____ months.

Please call or visit our website (see below) to obtain all current rate information.



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