

## THE BIG BOOK OF CREDIT UNION MYTHS-







One statement we continually hear after talking to new members is, "I didn't think that y'all did that!"

We started to dig into why we heard that so much, and the answer was clear—there are way too many myths about credit unions out there! We searched for the most popular misconceptions about credit unions, and what we found surprised us. It's time to bust all of those credit union myths!



MYTH: Credit unions haven't been around long enough to be trusted.

**FACT:** Credit unions have been in America since 1901, and they've been steadily growing ever since. Sure, we haven't been around as long as the first banks who started in 1791, but credit unions have been established for well over 100 years. Many of your <u>local credit unions</u> have probably been around for decades too! How's that for long-term commitment?



**MYTH:** Credit unions are an old, outdated concept.

**FACT:** Credit unions aren't some old concept; they're more relevant today than ever. With the latest focus on shopping local, being involved in bettering the community and businesses actually giving back to consumers, credit unions don't need to change to meet the needs of the people—they've been living these ideals for over 100 years.



Myth: You can't be a member of more than one credit union.

**Fact:** There is no limit on the number of credit unions you can belong to as long as you qualify for membership! If one credit union offers better rates on auto loans and you want to take advantage of that, you definitely can while enjoying your membership and accounts at other credit unions (or even banks).



Myth: Credit unions have limited hours of operation.

**Fact:** Credit unions offer plenty of ways for members to contact them during and outside of traditional business hours. Some branches offer Saturday banking hours or their call centers offer after hours and weekend assistance for members!

Many credit unions also allow you to visit their website to chat with a live representative or leave a message with your questions. Beyond this, they also offer 24/7 account access via their website or mobile apps. You also have the option to apply for membership and loans by phone, online or within their mobile app. That doesn't sound very limited, does it?



MYTH: Credit unions are strict on their membership eligibility.

**FACT:** While most credit unions do need members to share a "common bond," like working in a specific industry, not all of them are extremely strict. For example, most of them have the same types of requirements, like having an immediate family member as a credit union member, residing in specific cities/places or being an employee of a Select Employer Group.

It never hurts to ask how you can **become a member**—many credit unions won't disregard you; they're more than happy to work with you to see how they can help.



MYTH: Credit unions don't have rewards programs.

**FACT:** Plenty of credit unions offer checking accounts and powerful <u>credit cards that earn you rewards</u> or points just for using them; these aren't specific to banks in the least bit! Whereas your bank's rewards program might currently earn you a whopping 1% APY on your <u>checking account</u> and 0.05% on your savings, credit unions will pay far above the national average—even over 4% APY.



## **MYTH:** Credit unions have fewer locations than banks.

**FACT:** While credit unions don't have thousands of branches with their logo on them across the country, many of them are part of the <u>CO-OP Shared</u> <u>Branch Network</u>. This gives members access to thousands of branches, and in some cases, ATMs, across the United States.

The CO-OP Shared Branch logo signifies these branches. You can visit these credit unions or credit union service centers while you're out of town to make deposits, payments or withdrawals. There are over 5,000 locations nationwide!



**MYTH:** Switching to a credit union is a difficult and negative experience.

**FACT:** It's not as difficult as people make it out to be. Most of the time, we get comfortable using one place, so it seems like a hassle to switch your money over. This isn't the case!

Many credit unions have a <u>switch kit</u> to make the process easier. It helps you by making a short checklist of things you need to do to switch over to another financial institution. This way, nothing's forgotten and there's no stress (the way it should be)!



## MYTH: Credit unions aren't high tech.

**FACT:** This one is really far from the truth. Many credit unions have online banking and <u>mobile apps</u> for their members to use. These aren't some cut-and-paste mobile apps either—many of them have great features like transfers, card controls, quick balance, graphs to show what you're spending and even remote deposit.

The next time someone says that credit unions only allow you to visit a branch to perform transactions, let them know that credit unions offer much, much more than just personalized service in a branch. They also have high tech digital services available to their members for convenient account access whenever, wherever.



**MYTH:** Your money isn't protected at a credit union.

**FACT:** Much like the Federal Deposit Insurance Corporation (FDIC) insures money in a bank, your deposits at a credit union are federally insured by the National Credit Union Administration (NCUA) up to the same \$250,000 limit. You don't need to worry about your money not being insured and protected—it totally is!



**MYTH:** Credit unions aren't regulated by the government.

**FACT:** Actually, we're highly regulated by the government sometimes more so than banks. There seems to be a miscommunication that credit unions can do whatever they want, which isn't true. Credit unions have to follow laws just like every other business, so you can rest assured we're keeping your money and information safe, sound and secure.



**MYTH:** There's no difference between a bank and a credit union.

**FACT:** There are **so** many differences between banks and credit unions. Banks have customers and credit unions have members. Credit unions are not-for-profit; they pass profits onto their members in the forms of lower loan rates and higher dividends, whereas banks are for-profit and pass profits onto their shareholders in the stock market.

As a not-for-profit financial institution, the credit union is democratically controlled by the members. The board of directors is made up of volunteers who are actual members of the credit union as well. These board members are voted on by other members of the credit union. Banks, however, are run by their shareholders, and their positions are paid.



MYTH: Credit unions only help you with your credit.

**FACT:** Credit unions like Pelican have programs available for <u>financial wellness</u> that ultimately help members with their credit, but that isn't the only thing we do. Credit unions offer a variety of products and services to people in all stages of life, whether that's a youth account for the younger generation or IRAs for people planning for retirement.

They also give back through community service, constantly working with and supporting local businesses, and finding ways to spread financial education to people in their towns.



MYTH: Credit unions only offer savings accounts.

**FACT:** This is an interesting myth that pops up all over the place. While some smaller credit unions may only be able to offer savings accounts, that isn't true for a majority of credit unions in America. Actually, credit unions originally offered more products and services than banks did. For a period of time in the early 1900s, commercial banks didn't want to offer consumer loans, and credit unions were there to assist people in making those big ticket purchases like washing machines and automobiles.

Many credit unions now offer a larger variety of savings and checking accounts, more credit cards and loan options, and even <u>mortgages</u> and debt consolidation loans! Pretty much anything you'd find at a for-profit bank, you can get at a not-for-profit credit union (and sometimes at a much better rate too)!



**MYTH:** ATMs aren't free with credit unions.

**FACT:** Some credit unions are a part of the ATM CO-OP Network, which allows you to freely use other ATMs across the country. Others offer <u>free checking accounts</u> that give you refunds on ATM fees. With either of these, you won't have to pay an ATM fee again!



**MYTH:** Credit unions are only for those without lots of money or high bank balances.

**FACT:** While many credit unions offer services that benefit those who have less income than others, such as <u>second-chance checking</u> <u>accounts</u>, secured loans and credit cards, they are not solely for those without lots of money. They also offer products for those with more money to save and invest, such as share certificates.



**MYTH:** If you no longer work for a credit union's <u>Select Employer</u> <u>Group</u> partner or move away, you have to close your membership.

**FACT:** When you're a member with us, you're a member for life. Your one-time, nominal membership fee allows you to remain a member if you switch employers or move out-of-city or out-of-state!



MYTH: Credit unions don't pay taxes.

**FACT:** While credit unions are <u>tax exempt</u>, meaning we don't pay *federal and state taxes* since we are **not-for-profit**, we still pay taxes! We pay property taxes, tangible personal property taxes, payroll taxes and more to the government.

As Louisiana's largest state chartered credit union, Pelican also pays unrelated business income tax. Not only do we pay taxes, but members also pay taxes on the interest their accounts earn.



**MYTH:** Since they're smaller, credit union loan rates are higher than banks.

**FACT:** Not by a long shot! Since we're member-owned and notfor-profit, we have some flexibility when it comes to our rates. Not to mention, we have a responsibility to provide our memberowners at the credit union with great products at a great rate.



**MYTH:** You have to have a lot in savings before you can borrow money at a credit union.

**FACT:** In most cases, the amount you can borrow isn't directly related to how much you have in your account. Many credit unions will allow you to borrow from them before making your first deposit.

However, there are some products that credit unions offer to help those who have less-than-favorable credit scores. <u>Pledge loans</u> or credit cards work by using the amount in your savings account as security to offer a line of credit. This type of product is normally used to help people rebuild their credit.



MYTH: Credit unions don't protect your information like banks do.

**FACT:** Your personal data is pretty well-protected at both banks and credit unions. Credit unions try their best to ensure nobody has access to your money or account but you.

For example, when you call in to the credit union, you'll have to verify a variety of information in order to discuss your account. While this might seem like overkill or be slightly annoying to have to verify, we do that as an extra step to protect you. We also work hard to protect your passwords, which is why your online and mobile banking passwords usually expire every 90 days.



**Myth:** Your "ownership" of a credit union is determined by how much money you have there.

**Fact:** All members have an equal ownership and one vote at a credit union. It doesn't matter if you have \$1,000,000 or \$1 in your account, your vote counts just as much as everyone else's. That's part of the democratic principle of credit unions—equal votes and equal ownership!



Hopefully this has helped put a lot of the credit union myths out there to rest. As always, if you have any questions or concerns regarding credit unions, you can always reach out to us. We're more than happy to bust that myth for you.



This book was originally featured on Pelican State of Mind, the Louisiana family, fun and finance blog from Pelican State Credit Union. To learn more about Pelican State of Mind, visit <u>pelicanstateofmind.com</u>.

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