

## What is a credit union?

A credit union is a member-owned, not-for-profit cooperative financial institution formed for the purpose of encouraging savings by offering a fair return, using those savings to make loans at competitively low interest rates to members, and providing other financial services. Members are united by a common bond of association and democratically operate the credit union under state or federal regulation.

### **Not-for-profit**

Most financial institutions operate to make a profit for stockholders. Credit unions return their profits, after expenses and reserves, to members in the form of dividends on savings, low rates on loans, and new or improved services.

### **Member-owned**

At credit unions, no one person or organization runs or owns the credit union. Each member is an owner. In fact, each member has one vote in electing the unpaid volunteers from among the membership who serve on the board of directors and on other committees.

### **Safety and soundness**

Credit unions are insured up to \$250,000 by the National Credit Union Administration (NCUA), an agency of the federal government, and meet high standards of safety and soundness.

### **Volunteers**

Hundreds of thousands of people volunteer their time each year to credit unions on boards of directors and in other capacities. Their efforts exemplify the credit union philosophy of “people helping people” and contribute to credit union success.

### **Consumer education**

Credit unions continually provide their members with valuable financial information. The importance of regular savings for college, retirement, monthly budgeting, and current consumer issues are communicated to members through periodic publications, and ongoing seminars and workshops.

### **Common bond**

A common bond unites credit union members and creates a feeling of obligation within the membership to take responsibility for their financial actions. In fact, members save money together and make low-cost loans to each other for worthy causes at low rates of interest.

Credit unions are generally sponsored by companies, churches, fraternal organizations or other groups with similar interests. Credit unions also exist for members of certain neighborhoods or communities. Many credit unions extend their membership to the families of current members and select employee groups.

There are more than 11,000 credit unions in the United States, serving more than 77 million members.