

## **Truth-In-Savings Account Disclosure**

*These disclosures apply to all Share Certificate Accounts, except where stated.*

- 1) **Rate Information.** The Dividend Rate and Annual Percentage Yield (APY) on accounts are provided in this disclosure. The APY is a percentage rate that reflects the total amount of dividends to be paid on an account based on the dividend rate and annual compounding frequency. For Share Certificate Accounts, the Dividend Rate and APY are fixed and will be in effect for the term of the account. The APY is based on an assumption that dividends remain on deposit until maturity. A withdrawal will reduce dividend earnings.
- 2) **Nature of Dividends.** Dividends are paid from current income and available earnings after required transfers to reserves. The Dividend Rates and APY are the rates and yields that the Credit Union anticipates paying for a specific dividend period.
- 3) **Dividend Compounding and Crediting.** The Rate Schedule lists the compounding and crediting of dividends applicable to each account for a specific dividend period. The Dividend Period is the length of time at the end of which an account earns dividend credit. The Dividend Period on the first calendar day of the quarter/month and ends on the last calendar day of the quarter/month.
- 4) **Accrual of Dividends.** Dividends will begin to accrue on cash and non-cash deposits on the business day the deposit is made.
- 5) **Balance Information.** The minimum balance requirements for each account are listed in the Rate Schedule. Dividends are calculated by the Daily Balance method, which applies a periodic rate to the principal in the account each day.
- 6) **Transaction Limitations.** For Share, IRA Share and Income Share Certificates, deposits are not permitted before maturity. Withdrawal of Principal for Share Certificate Accounts before maturity is not permitted without an early withdrawal penalty. If the account is permitted to fall below the minimum balance required the account would not earn dividends at the close of the dividend period.
- 7) **e-Statement Accounts.** As an Online Banking user, you have the option to access your Credit Union statement online. If you choose this option, you will no longer receive your statement by mail. In addition, you may elect to access your credit card statement online. We will alert you of the availability of your e-Statement by sending you an electronic notice at the e-mail address on your account. You will have the ability to change your e-mail address in Online Banking. You will retrieve your own statement by accessing Online Banking with your personal password.
- 8) **Maturity.** Accounts will mature within the term or at the date specified on the certificate, or renewal notice.
- 9) **Grace Period.** Educational Systems Federal Credit Union offers a 7-calendar day grace period on all certificates from the date of maturity. During this period, changes can be

made to the certificate without penalty. This would include but not be limited to closing the account, adding additional funds, and/or changing the term. Rollovers (renewals) do not require any action from the member during the grace period. After the 7-calendar day grace period, early withdrawal penalties will apply to all Share, IRA Share, and Income Certificates.

10) **Early Withdrawal Penalty.** Educational Systems Federal Credit Union may impose a penalty equal to 90 days or 180 days dividends on the withdrawal amount subject to penalty. The penalty is a forfeiture of an amount equal to 90 days or 180 days dividends, whether earned or not. This penalty may result in invasion of principal and is applicable to all Share, IRA Share, and Income Share Certificates.

11) **Renewal Policy.** Share, IRA Share and Income Share Certificate Accounts will automatically renew at the current rate available at the time of renewal, unless instructed to do otherwise by the member on or before the maturity date.

Share and IRA Share Certificate Account dividends will be paid to the principal balance quarterly and at maturity. Income Share Certificate dividends will be paid to the principal balance monthly and at maturity. Each renewal term will be the same as the original term beginning on the maturity date. Dividends will be calculated on the same basis as the original term.