



## What is a Credit Union?

A credit union is a member-owned, not-for-profit cooperative financial institution formed to allow those in its membership the ability to pool their savings, lend to one another, and obtain related financial services. They are democratically operated under state or federal regulation, to fund loans to members at low interest rates and encourage saving by offering a good return.

A credit union is a cooperative financial institution, owned and controlled by the people who use its services. These people are members. Credit unions serve groups that share something in common, such as where they work, live, or go to church. Credit unions are not-for-profit, and exist to provide a safe, convenient place for members to save money and to get loans at reasonable rates.

Credit unions, like other financial institutions, are closely regulated. And they operate in a very prudent manner. The National Credit Union Share Insurance Fund, administered by the National Credit Union Administration, an agency of the federal government, insures deposits of every Oregon credit union. Deposits are insured up to \$250,000.

What makes a credit union different from a bank or savings & loan? Like credit unions, these financial institutions accept deposits and make loans – but unlike credit unions, they are in business to make a profit. Banks and savings & loans are owned by groups of stockholders whose interests include earning a healthy return on their investments.

### **Membership Benefits**

Becoming a member of a credit union has some great benefits. Here are just a few:

- Credit unions generally offer fewer and lower fees than other financial institutions.
- Credit unions generally offer better rates on loans and investments.
- Credit unions are generally friendlier than other financial institutions.
- Credit unions are more “consumer-oriented” rather than “stock holder-oriented.” This means that credit unions are more interested in serving their members rather than pleasing stockholders. The reason? Credit unions can't issue stock – they have no stockholders!
- Each member of a credit union is an owner and influences what happens in the credit union.
- Each member of a credit union is given one vote in the election of the Board of Directors.
- Credit union members have the option of running for their credit union board.
- Credit unions do not pay their board of directors.
- Credit union boards of directors volunteer their time to ensure that credit unions are operating in a safe and sound manner.