

# Why Credit Unions Are Different

## Members Own the Credit Union

A credit union is a democratic, member-owned cooperative. So when you join a credit union, you're more than a member; you're an owner—and that means you have a say in how your credit union is run.

A volunteer board of directors, elected by the members, governs a credit union. With their vote, each member has a direct impact on the direction of the credit union. As part of the democratic process, each credit union holds an annual election where members select candidates for the Board of Directors. This is very different from a bank, where stockholders vote according to the number of shares of stock they own.

## Credit Unions are Not-for-Profit

Credit unions provide the same products and services as other financial institutions—but credit unions are not-for-profit and exist to help people, not to make a profit. As such, all earnings are returned to their members in the form of high-interest savings and low rate loans.

This also enables credit unions to operate at a lower cost than many for-profit institutions, and helps them to offer competitive loan and savings rates to their members.

Credit unions follow conservative investment practices and lend responsibly and live within their financial means, so you can trust your credit union's decisions.

## Credit Unions Put People First

Credit unions live by the philosophy of "People Helping People."

Credit unions across the country are committed to their communities, offering financial services to underserved populations, engaging youth in financial education, and returning profits to their members.

While they are not mandated to do good works, as banks are, by the Community Reinvestment Act, credit unions serve their communities to strengthen the connection with members and improve the quality of life for those in need of financial services. The National Credit Union Foundation coordinates the "[Real Solutions](#)" program, which supports community reinvestment programs in 33 states.

## How Credit Unions Protect Your Money

Credit unions know that you need more than a variety of products and services. You need to know that your money is safe—and at a credit union it is.

## Money is Insured

The [National Credit Union Administration \(NCUA\)](#) is the independent federal agency that regulates charters and supervises federal credit unions. [NCUA](#), with the backing of the full faith and credit of the U.S. government, also operates and manages the [National Credit Union Share Insurance Fund](#), insuring the deposits of nearly 90 million account holders in all federal credit unions and the majority of state-chartered credit unions. As an alternative, many credit unions choose to insure your funds through private insurance companies.

The [NCUSIF](#) provides all members of federally insured credit unions with \$250,000 in coverage for their individual accounts. These accounts include regular shares, share drafts (similar to checking), money market accounts, and share certificates. Individuals with account balances totaling \$250,000 or less at the same insured credit union have full [NCUSIF](#) coverage.

Members have full [NCUSIF](#) coverage at each federally insured credit union where they are qualified members. While [NCUSIF](#) coverage protects members at all federally insured credit unions from losses on a broad spectrum of savings account and share draft products, it does not cover losses on money invested in mutual funds, stocks, bonds, life insurance policies, and annuities.

## Responsibly Managed

Credit unions generally offer higher interest rates for savings accounts and lower rates for loans, when compared to most banks. And credit unions typically do not engage in predatory lending practices, such as offering subprime loans or payday lending programs with exorbitant rates and fees.

Credit unions also follow conservative investment practices and live within their financial means. That means you can trust your credit union to put the needs of you and its other members first.