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## NCUA Media Release

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# NCUA Insurance Materials Updated and Available

**Alexandria, Va., October 8, 2008** – President George W. Bush signed into law the “Emergency Economic Stabilization Act of 2008” on October 3, 2008, which temporarily increases federal deposit insurance coverage. The new law amends the share insurance coverage provided by the National Credit Union Administration (NCUA) through the National Credit Union Share Insurance Fund (NCUSIF) and the deposit insurance provided by the Federal Deposit Insurance Corporation (FDIC). The NCUA Board also took action on October 3 to eliminate the concept of “qualified beneficiary” in determining NCUSIF share insurance coverage. The newly enacted rule serves to maintain parity between insurance coverage offered by NCUA and the FDIC. NCUA is working to update all related publications to reflect these changes.

### **Statutory Share Insurance Change: \$250,000**

The new law became effective on October 3, 2008, and will remain in place through December 31, 2009. The law provides for an increase in the minimum NCUSIF coverage from \$100,000 to \$250,000 on member share accounts. This includes all account types, such as regular share, share draft, money market, and certificates of deposit. Individual Retirement Account and Keogh account coverage remains at up to \$250,000 separate from other types of accounts owned.

The increase in the minimum share insurance coverage to \$250,000 will not result in an increase to your share insurance premium or operating fee. Changes will be made to the 5300 report for the December 2008 reporting cycle to address the new coverage level.

## Basic NCUA Share Insurance Coverage Limits<sup>1</sup>

Single Ownership Account	Joint Ownership Account	IRA and certain other retirement accounts	Trust Accounts (including payable-on-death accounts)
•\$250,000 per owner**	•\$250,000 per co-owner (must have equal rights to funds)**	•\$250,000 per owner •Keogh accounts are insured separately from IRA accounts up to \$250,000	•\$250,000 per owner per beneficiary subject to specific limitations and requirements**

**\*\*The legislation authorizing the increase in share insurance coverage limits is effective October 3, 2008, through December 31, 2009.**

### Change in NCUA Rules – “Qualified Beneficiary”

To maintain parity with FDIC insurance coverage, the NCUA Board approved a change to Part 745.4 of the NCUA Rules and Regulations eliminating the concept of “qualified beneficiary.” Beneficiaries are now defined as natural persons as well as charitable organizations and other non-profit entities recognized as such under the Internal Revenue Code of 1986. For members with revocable trust accounts totaling no more than \$1,250,000, coverage will be determined without regard to the proportional beneficial interest of each beneficiary in the trust.

Under the amended rules, a trust account owner with up to five different beneficiaries named in all of his or her revocable trust accounts at one NCUA-insured institution will be insured up to \$250,000 per beneficiary. Revocable trust account owners with more than \$1,250,000 and more than five different beneficiaries named in the trust(s) will be insured for the greater of either: \$1,250,000 (5 X \$250,000) or the aggregate amount of all the beneficiaries’ interests in the trust(s), limited to \$250,000 per beneficiary.

### Uncle Sam Lobby Poster

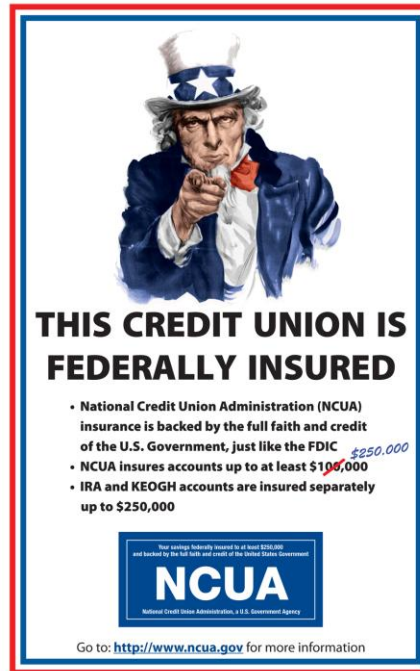
NCUA recently sent all federally insured credit unions posters featuring Uncle Sam, emphasizing that member deposits are backed by the full faith and credit of the U.S. Government. Because the posters were shipped just days before the passage of the Emergency Economic Stabilization Act, they do not reflect the increase in coverage.

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<sup>1</sup> These insurance coverage limits refer to the total of all shares that a member(s) has at each NCUA-insured credit union. The examples provided only show the most common ownership categories that apply to individual and family shares, and assumes that all NCUA requirements are met.

Credit union managers have two options:

- Strike through the \$100,000 on the poster and write in \$250,000 in a visually noticeable way;



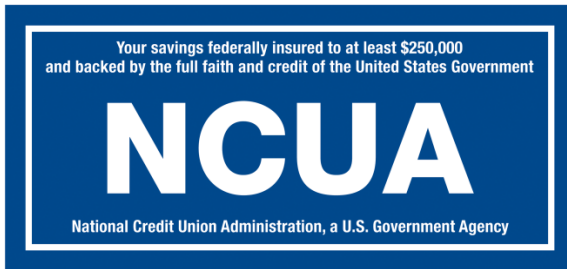
- A downloadable file of the updated poster, with the new \$250,000 limit printed, is available on NCUA's website. Visit <http://www.ncua.gov/ShareInsurance/Index.htm> to find the link for the poster and other downloadable images.

Either way, please prominently display the posters in your lobby. This is important reassurance for your members at a particularly volatile time for all financial institutions.

### **Share Insurance Information, Brochures, and NCUA Insurance Signs, Decals, and Web Toolkit**

NCUA has updated the *Your Insured Funds* and *How Your Accounts Are Federally Insured* brochures to reflect the recent changes in National Credit Union Share Insurance Fund coverage. Updated versions of the brochures, NCUA insurance signs and labels, FAQs, print ads, and other insurance-related information are available on the web site in the Share Insurance Tool Kit -- <http://www.ncua.gov/ShareInsurance/Index.htm>. The Share Insurance Calculator is in the process of being updated, as a joint project with FDIC. You will be informed when this is finalized.

Credit union managers are strongly encouraged to put the links to the brochures in a prominent location on their web sites to ensure members have the most up-to-date information at their fingertips.



NCUA is already printing updated brochures and revised NCUA insurance signs and decals. Although we cannot issue replacements or refunds for outdated brochures, over the next few weeks NCUA will mail a modest number of these items free of charge to all federally insured credit unions. Credit unions should update their

signage as soon as possible. New brochures and NCUA signs and decals will be available for purchase through the website within the next four weeks, at [http://www.ncua.gov/Publications/pub\\_avail/pub\\_avail.html](http://www.ncua.gov/Publications/pub_avail/pub_avail.html).

Please share these changes with your members and remind them that not one penny of federally insured shares has ever been lost. America's 89 million credit union members will greatly benefit from the above changes. NCUA looks forward to working with federally insured credit unions to implement these share insurance enhancements.

NCUA is issuing a *Letter to Credit Unions*, with similar information, that will be maintained as archival information. Should you have questions, please contact your district examiner, regional office, or state supervisory authority.

The National Credit Union Administration 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, operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of nearly 89 million accounts in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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