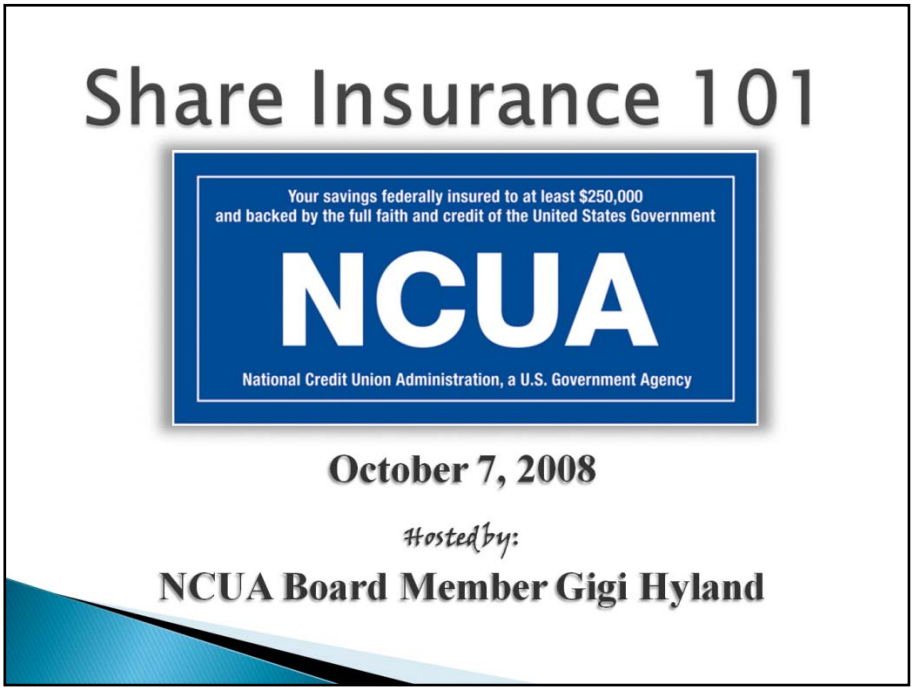

Share Insurance 101 Webinar

Frequently Asked Questions

SECTION	PAGE
INCREASED SHARE INSURANCE COVERAGE	2
REVOCABLE TRUST/POD ACCOUNT BENEFICIARIES	4
GENERAL ACCOUNT SETUP	6
NEW RULE VS. OLD RULE FOR REVOCABLE TRUST ACCOUNTS	10
SIGNAGE/COMPLIANCE ISSUES	12
5300 CALCULATIONS/IMPLICATIONS	14
MISCELLANEOUS GENERAL INSURANCE QUESTIONS	14

INCREASED SHARE INSURANCE COVERAGE

Q: I understand that the law now provides for deposit insurance coverage to $250,000, but it is only until the end of 2009. But what happens if a member takes out a 5-year $200,000 CD?

A. **On January 1, 2010, the standard maximum share insurance amount reverts back to $100,000 unless Congress takes additional legislative action to continue the increased coverage. The original maturity of the certificate would have no bearing on the amount of available insurance coverage.**

Q: With this new ruling does the $100,000 per beneficiary still stand on Payable upon Death Accounts, which are called our Trust Accounts or does $250,000 apply now?

A. **The temporary increased coverage limit of $250,000 applies.**

Q: What happens to joint accounts? Example: Mike and Ann have joint accounts. On one account Mike is the primary owner and Ann is the joint owner and on the other account Ann is primary and Mike is joint. Will that increase their coverage to $500,000?

A. **Switching the order of names on multiple joint accounts does not increase coverage. Mike and Ann each have $250,000 worth of coverage for their total interests in joint accounts for a total of $500,000.**

Q: Recently, Congress extended the FDIC an almost unlimited line of credit with the Department of Treasury. This action has single-handedly provided the FDIC the ability to remain financially sound should addition bank failures occur. What provisions did Congress make in this same legislation, or are still needed to provide the same protection to the NCUA? Additionally, do federally chartered credit unions offer their customers protection that other credit unions cannot?

A. **As with the FDIC's insurance fund, the National Credit Union Share Insurance Fund (NCUSIF) has always ultimately been backed by the United States Treasury. The recent legislation does not change the relationship between the NCUSIF and the Treasury, but rather temporarily increases the coverage provided by the NCUSIF. NCUSIF coverage is the same in both federal credit unions and federally chartered state credit unions.**

Q: If a husband and wife have an account that has $400,000 in it with two beneficiaries. Please describe the share insurance coverage.

A. **We assume by the reference to beneficiaries that the account documentation reflects an intention of the account owners to have their funds pass on to beneficiaries in the event of their death. We also assume the husband and wife have no other revocable trust accounts with the same beneficiaries in the same federally insured credit union. In this example, since the account does not have more than five beneficiaries, each beneficiary has coverage of up to $250,000 from each owner. All $400,000 is covered because it is below the maximum coverage of $1,000,000 available for the account. ($250,000 per beneficiary x 2 owners = $500,000 per beneficiary x 2 = $1,000,000.**

Q: Did the recent legislation affect the coverage amounts in retirement accounts, or do they stay the same?

A. **The coverage for the types of retirement accounts discussed in Part 745, Section 745.9-2(c)(1) of the NCUA Rules and Regulations remains $250,000.**

INCREASED SHARE INSURANCE COVERAGE

Q: If the additional coverage is only good until 2009, why would anyone want to open a 3 yr CD with over $100,000?

A. **We agree the temporary increase in coverage may be a deterrent for many members in opening long term share certificates above $100,000 with maturities extending beyond December 31, 2009. As such, federally insured credit unions offering longer-termed share certificates should ensure members committing funds over $100,000 know the Emergency Economic Stabilization Act of 2008 only authorizes an increase to the SMSIA until December 31, 2009.**

Q: Are accounts across the board insured to $250,000, so if I have one account is that one account insured to $250,000 or still $100,000?

A. **The temporary increase of the standard maximum share insurance amount from $100,000 to $250,000 applies to individual accounts.**

Q: Has the calculation rule for POD and Trust accounts been revised to match the new $250,000 insurance levels?

A. **Yes. The calculation rules remain the same. You would need to substitute $250,000 for $100,000. Additionally, for those accounts with less than $1,250,000 or less than 5 beneficiaries, a determination of beneficial interest of each beneficiary is not necessary. Lastly, the concept of "qualified beneficiary" has been eliminated as of October 3. Any natural person or IRS recognized charitable organization can be listed as a beneficiary.**

Q: How will the October 3, 2008 passage of the Emergency Economic Stabilization Act impact the October 3, 2008 interim rule on Share Insurance for Revocable Trust Accounts (i.e., will the insurance for beneficiaries increase from $100,000 to $250,000? Any new maximums imposed?

A. **Yes. The insurance coverage for each beneficiary's interest in such accounts has increased to $250,000. If a revocable trust account is less than $1,250,000 or has less than 5 beneficiaries, NCUA will not require a determination of each beneficial interest in the account. If the account exceeds those parameters, each beneficiary will be insured up to $250,000 for their beneficial interest.**

Q: Does each member only have $250,000.00 insured at each credit union? If I have $600,000 structured through several different accounts is it all covered?

A. **The minimum insurance coverage is $250,000. It is possible to structure your accounts to obtain significantly more coverage, which could be much more than $600,000. This could be done through individual ownership accounts, joint ownership accounts, trust accounts and IRA accounts, for example.**

Q: What is the insurance coverage of a joint account with a balance of $600,000 and two owners?

A. **Each joint account owner receives $250,000 coverage for their portion of the joint accounts. Therefore, assuming neither owner has interests in other joint accounts at the same insured credit union, this account is insured up to $500,000, leaving $100,000 uninsured.**

REVOCABLE TRUST/POD ACCOUNT BENEFICIARIES

Q: Regarding share insurance coverage for family members on POD accounts, are nieces and nephews insured or does it have to be first blood relative?

A. Any natural person can be a beneficiary, not just the family members previously specified in the regulation.

Q: The rule regarding payable on death accounts indicates coverage at $100,000 per beneficiary, but the book indicates $250,000 per beneficiary. Which is correct?

A. $250,000. NCUA published the interim final rule to simplify the coverage provisions for revocable trust accounts before the Emergency Economic Stabilization Act of 2008 became effective and temporarily increased the standard maximum share insurance amount (SMSIA) from $100,000 to $250,000. As with individual accounts and joint accounts, the SMSIA increases from $100,000 to $250,000 for revocable trusts through December 31, 2009.

Q: If we do not require Trustees to tell us who their beneficiaries are on the Certification of Trust document, how do we know the insurance coverage?

A. We assume you are referring to a formal trust arrangement, such as a living trust. For formal trusts, the credit unions account records must document the owner's intention to pass funds on to a beneficiary following his or her death in the title of the account or elsewhere in the account records of the credit union using commonly accepted terms such as, but not limited to, in trust for, as trustee for, payable-on-death to, or any acronym therefore, or by listing one or more beneficiaries in the account records of the credit union. For informal revocable trust accounts, such as a payable-on-death account, the federally insured credit union's account records must specifically name the beneficiaries for the account to receive treatment as a revocable trust. Under either scenario the credit union's records should document the number of beneficiaries so management can accurately compute and report insured shares.

Q: If a member wants to add a beneficiary to increase insurance making the account a POD do we have to make it a revocable trust account?

A: For the purpose of share insurance coverage, a POD account <u>is</u> an informal revocable trust.

Q: If a member has an individually owned POD savings account and a joint ownership POD checking account, would these be separately insured as individual and joint accounts or would they be aggregated together as revocable trusts since both accounts were opened with POD designation?

A. An account cannot receive coverage for both being a joint account and for being a revocable trust. The accounts described in the question would be aggregated together as revocable trusts.

Q: Does adding a beneficiary to a share automatically make it a Revocable Trust Account? Example: Adding a beneficiary to an individual share draft account then make that account a revocable trust account not an individual account?

A. If the account records reflect an intention for the owner's funds to belong to a beneficiary in the event of his or her death, for the purpose of NCUSIF coverage, the account is a revocable trust.

REVOCABLE TRUST/POD ACCOUNT BENEFICIARIES

Q: For insurance calculation purposes - does adding beneficiaries increase the insurance coverage similar to a Revocable Trust account?

A. **Adding beneficiaries to revocable trusts, provided the beneficiaries are natural persons or charitable organizations or other non-profit entities recognized as such under the Internal Revenue Code of 1986, would generally increase coverage.**

Q: If I understood correctly, an individual account with three POD beneficiaries would have no coverage for the beneficiaries. Just $250,000 for the individual correct? At our CU we don't offer Trust accounts.

A. **POD accounts are insured based on the number of owners and beneficiaries. In the scenario of one owner and three beneficiaries, each beneficiary's interest in the account would be insured up to $250,000, or a total of $750,000 in potential coverage. POD accounts are informal trust accounts.**

Q: Can you clarify POD coverage; as it sounded like only trust accounts have beneficiary coverage?

A. **POD accounts are informal trust accounts and are covered under the rules for revocable trust accounts.**

Q: To clarify, beneficiaries on "plain vanilla" joint or single owner accounts are NOT considered for insurance purposes...we have heard differing opinions.

A. **Beneficiaries on most accounts change the category of account to that of a revocable trust for share insurance purposes. The most common form of a revocable trust is a POD account (Payable on Death). A single or jointly owned account that clearly reflects the intent of ownership of the account to pass to named beneficiaries is an informal revocable trust account. Each owner to beneficiary relationship would be insured separately up to the maximum of $250,000 per relationship. This insurance would in most cases be exclusive of any single ownership accounts or joint ownership accounts.**

Q: Are the funds for a POD account and a Revocable Trust account aggregated?

A. **Yes. Revocable trust accounts and POD accounts with the same owner and beneficiary are aggregated together for insurance coverage purposes.**

Q: Are POD beneficiaries covered on individual or joint accounts?

A. **Beneficiaries can be added to individually owned or jointly owned accounts. Each beneficiary is eligible for $250,000 insurance coverage for each owner. Therefore, if one owner lists the same person as beneficiary on an individually owned account and a jointly owned account, the portion attributable to that beneficiary on each account must be aggregated together. Please note that for the owners to have coverage for individual or joint accounts that is separate from and in addition to the coverage for revocable trusts, those types of accounts must not have beneficiaries.**

Q: I have a question on POD or Living Trust accounts -- what happens if the account holder has no family but has two friends in his/her will to be able to receive the money.

A. **Effective October 3, 2008, NCUA updated its regulations to include any natural person, charitable organization, or non-profit entity as a qualifying beneficiary for trust accounts. Therefore, the account would be insured up to $500,000 (2 beneficiaries x $250,000).**

REVOCABLE TRUST/POD ACCOUNT BENEFICIARIES

Q: What happens when an institution fails (requiring NCUA insurance reimbursements), does the money pass to the POD or to the primary owner (primary owner still being alive)?

A. **NCUA would issue the insurance check to the account owner as the beneficiary has no rights to the funds until the death of the owner.**

Q: If I have a regular $300,000 payable on death (POD) account listing 3 children and a revocable trust account with the same owner and same 3 children as beneficiaries, do I have additional $300,000 coverage?

A. **No, the POD and revocable trust accounts are in the same category of accounts for insurance coverage purposes and will be combined. Therefore, each child would receive $250,000 insurance coverage as the beneficiary of the owner. Since both accounts have the same owner and beneficiaries, these two accounts would be insured up to $750,000.**

Q: Please explain more on POD accounts. Is this the same as placing a beneficiary on any signature card? Does it need to state POD?

A. **The credit union's account records must display the intent of an owner to pass on funds to a named beneficiary upon his or her death. Adding a beneficiary to the signature card would be sufficient to show the intent of the owner to pass the funds to the beneficiary at his or her death. NCUA does not require POD or other similar wording be included in the account name; however, it is beneficial in protecting the expectations of all parties.**

Q: Does a member need to file a formal legal trust document to open a revocable trust account that qualifies for separate insurance coverage?

A. **No. Simple POD accounts can be opened by the credit union without a formal trust.**

GENERAL ACCOUNT SETUP

Q: Can our credit union use one master account number with different account suffixes to separate different categories of insured accounts?

A. **Yes**

Q: Can a sole proprietor have additional coverage for an account exclusively devoted to his or her business?

A. **No. Sole proprietor accounts are added to individual accounts.**

Q: We offer accounts/memberships to churches and agencies. Does the insurance amount apply to them as well?

A. **Yes. Part 745, Section 745.6 of the NCUA Rules and Regulations indicates accounts of a corporation, partnership, or unincorporated association engaged in any independent activity shall be insured up to the standard maximum share insurance amount (SMSIA) in the aggregate. The temporary increase in the SMSIA from $100,000 to $250,000 applies to these types of accounts.**

GENERAL ACCOUNT SETUP

Q: We currently provide a special account where members can place their excess money in the account and receive excess $250K share insurance on top of the regular NCUA insurance. Can we provide that to the member twice depending on the type of account? Example: One special account is joint and another special account is individual.

A. **Separate ownership categories of accounts receive separate NCUSIF coverage. You should address your excess share insurance questions to your excess insurance provider.**

Q: Does the temporary increase in share insurance coverage include business accounts?

A. **Yes. Part 745, Section 745.6 of the NCUA Rules and Regulations indicates accounts of a corporation, partnership, or unincorporated association engaged in any independent activity shall be insured up to the standard maximum share insurance amount (SMSIA) in the aggregate. The temporary increase in the SMSIA from $100,000 to $250,000 applies to these types of accounts.**

Q: Where do organization accounts fall (i.e., a homeowners association)?

A. **Part 745, Section 745.6 of the NCUA Rules and Regulations indicates accounts of a corporation, partnership, or unincorporated association engaged in any independent activity shall be insured up to the standard maximum share insurance amount (SMSIA) in the aggregate. The temporary increase in the SMSIA from $100,000 to $250,000 applies to these types of accounts.**

Q: Are IOLTA funds covered if the client is not eligible for membership? Since a joint owner is covered but not necessarily a member and beneficiaries can now be anyone and they are covered, why aren't client funds covered?

A. **We assume you are referring to Interest on Lawyers Trust Accounts. For this type of account, if the client is not membership member, the funds are not insured. Under Part 745 of the NCUA Rules and Regulations, the NCUSIF does not extend insurance coverage to persons not entitled to maintain an insured account or to account relationships that have not been approved by the Board as an insured account.**

Q: Does the member have to have a social security number or ITIN to qualify for share insurance?

A. **No. NCUSIF coverage applies to all persons eligible to maintain an insured account in a federally insured credit union.**

Q: How are businesses that are registered as sole proprietorships insured? Does it matter if the business is using an SSN or TIN?

A. **A sole proprietorship is aggregated with the proprietor's individual accounts for the purpose of NCUSIF coverage.**

Q: So, a joint account with beneficiaries that is not a trust account is not covered per beneficiary?

A. **Correct. Joint accounts are insured per owner. Trust accounts are insured per beneficiary.**

Q: If there are multiple co-owners on an account does the coverage limit continue to increase?

A. **Under the increased coverage limits, each member has $250,000 for his or her interests in joint accounts.**

GENERAL ACCOUNT SETUP

Q: Do you consider an individual account with 3 beneficiaries a trust account automatically? Or would the member have to provide trust papers and sign a trust agreement?

A. **Not automatically. An account with three beneficiaries who are natural persons or charitable organizations is, for insurance purposes, a revocable trust account if it is determined to be a trust account. Informal revocable trust accounts, such as simple P.O.D. accounts, do not require formal trust documentation.**

Q: If a co-owner is on multiple joint accounts and they have maxed out their joint account insurance coverage can the other co-owners coverage cover more than their interest in the account?

A. **No. The insurance coverage is up to $250,000 maximum for each co-owners beneficial interest in all accounts they co-own.**

Q: Are Coverdells considered IRAs?

A. **No. Coverdell Educational Savings Accounts are insured as irrevocable trust accounts and are added together with a member's other irrevocable trust accounts for determining insurance coverage.**

Q: Could you explain Keogh accounts

A. **Keogh plans were established in 1962 by Congress, with the effort led by Eugene Keogh. The accounts are for establishing tax deferred pension plans for self-employed borrowers and unincorporated businesses. Keogh accounts are insured separately from IRA accounts.**

Q. There is a requirement on joint accounts for all joint owners to sign the account card. How do we address instances where a parent or grandparent wants to open a joint account for an infant and the infant cannot sign the account card?

A. **The signature requirement does not apply to share certificates or where a joint account is maintained by a guardian, custodian, conservator, agent, or nominee if the credit union's records reflect this relationship.**

Q: What about non-profit accounts with joint owners?

A. **The nonprofit would have to qualify for membership in the credit union in order to obtain separate insurance coverage as a joint account. The business of the nonprofit would also have to be an independent activity for it to receive coverage as a corporation, partnership, or unincorporated association.**

Q: How are joint "doing business as" (DBAs) insured?

A. **If the account is not owned by a partnership, corporation, or unincorporated association, the account is insured as if it were a joint ownership account and would be included with the DBA account owners' other joint ownership accounts at the same credit union.**

Q: Are corporate accounts covered up to $250,000 as well as partnerships for a separate $250,000?

A. **Corporations and partnerships that are members and are involved in an independent activity are insured separately.**

GENERAL ACCOUNT SETUP

Q: If a Credit Union invests in a local bank with a CD will that account be insured up to $250,000 or is it just for individual accounts?

A. **The credit union would be insured by the FDIC up to $250,000 for the certificate of deposit issued by an FDIC insured bank.**

Q: Are ALL non-sole proprietor businesses covered? Can a situation exist where a business might NOT be a member?

A. **Corporations, partnerships, and unincorporated associations can own accounts that are covered by insurance. The organization has to qualify for membership in the credit union and be involved in an independent activity. There are many situations were a business may not qualify for membership. Many credit unions serve multiple employer groups rather than entire communities. Your credit union should be able to advise you as to whether the business qualifies for membership.**

Q: In a community property state, where a spouse can be added to a sole proprietor account, does that account get $500,000 of insurance?

A. **Yes, if both owners have equal access to the funds in the account, it would be insured as a joint account for up to $500,000 of insurance coverage.**

Q: Would an individual non-profit account with an EIN be covered up to $250,000?

A. **Yes, a non-profit account that is owned by a corporation, partnership, or unincorporated association and is engaged in "independent activity" is eligible for up to $250,000 insurance coverage.**

Q: Assume a member has a limited liability corporation (an LLC). Is it separately insured or part of his/her individual coverage?

A. **All funds invested in an account or accounts by a corporation (including LLCs) engaged in any "independent activity" are added together and insured up to $250,000. As long as the LLC shows "independent activity", the account would be insured separately from the member's individual account coverage.**

Q: When a will is in probate and funds have been deposited by an attorney are the funds over $250,000 insured?

A. **All funds belonging to a decedent and invested in one or more accounts, whether held in the name of the decedent or in the name of his or her executor or administrator, are added together and insured up to $250,000.**

Q: What is considered an account for coverage? For example we have members with master account number (i.e., 12345) then they have many shares, share drafts and CD accounts under this. If a member has one individual share and multiple joint shares all under the same master account number what is the coverage?

A. **NCUA recognizes sub-accounts or accounts with suffixes as separate accounts for insurance coverage. Therefore, the member could have multiple accounts under one master account number for insurance coverage purposes as long as the credit union's records reflect how much money is attributed to a sub-account and what category of ownership that sub-account falls under.**

GENERAL ACCOUNT SETUP

Q: The credit union holds a membership for John Doe. His is the only name on the primary share account and it has $200,000 in it. He also has a joint share draft account with $500,000. How are these accounts insured?

A. **For insurance purposes, each sub-account is considered a separate account. Therefore, John Doe would have up to $250,000 coverage for his individual share account. The joint share draft account would have up to $500,000 of joint coverage if it has two owners.**

Q: Did you say that all IRA's would be combined to only equal $250,000.00 in coverage?

A. **Yes – All IRA accounts for an individual are aggregated. However, KEOGH accounts are insured separately for an additional $250,000 insurance coverage.**

Q: Are both principal and interest covered by share insurance (e.g., on a certificate)?

A. **Yes. All funds posted to an account are insured up to the "Standard Maximum Share Insurance Amount" (SMSIA).**

NEW RULE VS. OLD RULE FOR REVOCABLE TRUST ACCOUNTS

Q: If you have an individual trust account with the 5 beneficiaries and out of 5, 1 is a power of attorney, how does the insurance look at this = $500,000 and can the power of attorney withdraw all funds, which then other beneficiaries would receive nothing?

A. **State law determines the "Power of attorney" authority and if he has withdrawal rights, the maximum coverage for Trust Accounts with 5 beneficiaries is $1.25 million.**

Q: If a member lists their beneficiary as the LIVING TRUST OF GIGI, what would the insurance be? I'm thinking zero because it's not a qualifying member, so is this amount in the trust combined with their regular savings?

A. **The trust must list beneficiaries to receive per-beneficiary coverage of $250,000. If the living trust document lists beneficiaries, then those would be the account beneficiaries. Funds not attributable to a beneficiary are insured as the owner's individual account.**

Q: How about multiple trust accounts, when the parents open joint trust accounts, where they are listed on each other's account to have full access of funds and list the same 4 beneficiaries (their children), would the insurance be for one account $800,000 and the other joint trust would also be $800,000 as long as they are equally portioned?

A. **No. Insurance is for $2 million: $250,000 for each beneficiary multiplied by the number of owners. 4 x $250,000 x 2 = $2,000,000. Listing the same beneficiaries in different accounts does not help increase coverage for the owners.**

Q: Will NCUA be updating rules for Revocable Trusts as FDIC did on September 25?

A. **NCUA has already updated the rule regarding Revocable Trusts. The following link provides the interim final amendment to the portion of Part 745 of the NCUA Rules and Regulations that discusses the coverage for revocable trusts:**
http://www.ncua.gov/RegulationsOpinionsLaws/RecentFinalRegs/745-ShareInsurance.pdf

NEW RULE VS. OLD RULE FOR REVOCABLE TRUST ACCOUNTS

Q: May a government depositor or a corporation name a 501(c) 3 as a beneficiary to increase share insurance coverage?

A. No. This type of account would not possess the requisite intention a revocable trust account must have of an owner to, upon death, pass funds to a beneficiary.

Q: What effect does this $250,000 change have on the interim final rule that was recently released about trust accounts?

A. NCUA published the interim final rule to simplify the coverage provisions for revocable trust accounts before the Emergency Economic Stabilization Act of 2008 became effective and temporarily increased the standard maximum share insurance amount (SMSIA) from $100,000 to $250,000. As with individual accounts and joint accounts, the SMSIA increases from $100,000 to $250,000 for revocable trusts. In addition, the threshold for the 5 beneficiaries rule is now raised to $1,250,000 ($250,000 x 5) versus the stated $500,000. Therefore, a trust account with up to 5 beneficiaries will be insured up to $250,000 per beneficiary regardless of each beneficiary's proportional interest in the account.

Q: If you haven't already done so, could you give examples of joint revocable trusts with 3 and 4 persons.

A. Hypothetical Example –

Owners: Person A, Person B, and Person C
Beneficiaries: Persons D, E, and F (all natural persons)
Amount in account: $1,800,000
Respective Interest of Each Owner: $600,000 (presumed equal among 3 owners)
Respective Interest of Each Beneficiary: $600,000, or $200,000 from each owner

Account has full coverage because the SMSIA of $250,000 x 3 beneficiaries= $750,000 x 3 owners = 2,250,000 is above the account balance of $1,800,000.

Q: Does the new law change the definition of beneficiary? Is coverage extended now to those who previously did not meet "acceptable" beneficiary definition?

A. Yes. Under the new rule, a beneficiary may be any natural person or charitable organization or other non-profit entity recognized as such under the Internal Revenue Code of 1986.

Q: Wasn't the old rule grandchild not grandparent?

A. Yes, the old rule included grandchildren as qualifying beneficiaries. The new rule provides that any natural person, charitable organization, or non-profit entity.

Q: How does the increase to $250,000 affect the $500,000/5 beneficiaries rule?

A. The threshold for the 5 beneficiaries rule is now raised to $1,250,000 ($250,000 x 5). Therefore, a trust account with up to 5 beneficiaries will be insured up to $250,000 per beneficiary regardless of each beneficiary's proportional interest in the account.

NEW RULE VS. OLD RULE FOR REVOCABLE TRUST ACCOUNTS

Q: Who are considered qualifying beneficiaries?

A. All natural persons, charitable organizations, and non-profit entities are considered qualifying beneficiaries with the new interim regulation regarding revocable trust accounts that went into effect October 3, 2008. Charitable organizations and non-profit entities include those that are recognized as such under the Internal Revenue Code of 1986.

Q: Is the elimination of qualified beneficiaries a permanent change or will it expire 12/31/2009?

A. The revocable trust accounts regulation was revised effective October 3, 2008 with an interim rule that states any natural person, charitable organization, or non-profit entity qualifies as a beneficiary for revocable trust accounts. This regulation change was independent of the "Emergency Economic Stabilization Act" and will not be changed back to the old regulation.

SIGNAGE/COMPLIANCE ISSUES

Q: Will we need to replace the existing NCUA signage in our branches and print materials, and if so when will these be available?

A. NCUA has revised the rules regarding this issue to allow maximum flexibility. Insured credit unions have the option to: 1) continue to display the official sign reflecting the $100,000 limit, without penalty; 2) display any other version of the official sign distributed or approved by NCUA and appearing on NCUA's official website that reflects the temporary increase to $250,000; or 3) alter by hand or otherwise the official sign to make it reflect the increase to $250,000. NCUA has provided an initial limited supply of the new signs and revised brochures to federally insured credit unions (mailed the week of October 21, 2008). The signs and brochures are also available to order through our publications department. For additional information, please visit the link: http://www.ncua.gov/Publications/pub_avail/pub_avail.pdf .

However, we encourage credit unions officials to make members aware of the increase in insurance coverage. One of the primary purposes of the increased coverage was to relieve member concerns, and concerns of the public in general. That message cannot be adequately communicated without the help of each federally insured credit union.

Q: When will the updated "Your Insured Funds" brochure be available?

A. The updated electronic version of "Your Insured Funds" is available in the "Share Insurance Tool Kit" located at: http://www.ncua.gov/ShareInsurance/Index.htm. Also, 100 complimentary brochures were mailed to each federally insured credit union the week of October 21, 2008. Should you need additional copies, you may order by following the instructions located at: http://www.ncua.gov/Publications/pub_avail/pub_avail.pdf.

SIGNAGE/COMPLIANCE ISSUES

Q: Where can I get a graphic of the new $250,000 insurance sign? I could not find it in the download graphics files.

A. The graphics of the new insurance signs are available at the link: http://www.ncua.gov/data/IndexDownloadData.htm#DownloadPosters on NCUA's Internet site.

Q: Yesterday, we received posters from NCUA about the federal insurance. However, they reflect the $100,000 level. Are we going to receive new posters reflecting the $250,000 level?

A. No. We are advising credit union officials to make a pen and ink change to reflect the temporary increase of the standard maximum share insurance coverage from $100,000 to $250,000.

Q: Most credit union data processing systems cannot identify account level insurance coverage. Is NCUA planning on asking credit unions to require their data processing vendors to allow this level of detail? Otherwise calculation of insured shares will not be accurate. If account level detail is available, will NCUA allow (require) credit unions to report to members their insured shares? This would be a member benefit and would help assure accuracy in reporting insured shares.

A. Federally insured credit unions have always been responsible for accurately reporting insured shares on Call Reports. We encourage credit unions with systems capable of providing members updates concerning their levels of insured shares with this type of information as a part of an ongoing educational initiative.

Q: Are we required to inform our membership that this increase in coverage is only temporary?

A. Yes. The Emergency Economic Stabilization Act of 2008 only increases the Standard Maximum Share Insurance Amount for most types of accounts through December 31, 2009.

Q: When will NCUA revise their insurance estimator and other tools (brochures, etc) with the new revised insurance amount of $250,000 until 12/31/09?

A. The updated insurance estimator is now available. The electronic brochures and other materials have been updated to reflect the $250,000 of coverage. The brochures are also available to order through our publications department. For additional information, please visit the link: http://www.ncua.gov/Publications/pub_avail/pub_avail.pdf.

5300 CALCULATIONS/IMPLICATIONS

Q: Does the new temporary limit affect the computation of insured / uninsured deposits as reported on 5300 report? Will the CU be required to maintain on deposit 1% of the insured deposits (based on the old limits or the new limits??)

A. Beginning with the December 31, 2008 cycle, the 5300 report requirements will change in response to the temporary increase in the standard maximum share insurance amount (SMSIA). Federally insured credit unions will need to report uninsured shares based on both the previous SMSIA of $100,000 (to serve as a basis for operating fees and NCUSIF deposit requirements) and the current SMSIA of $250,000 (so the agency has accurate information about the dollar amount of funds the NCUSIF insures). The material available at the following link explains the new reporting requirements in greater detail:

http://www.ncua.gov/data/5300/08December/December2008CallReportFormandInstructions.pdf

Notwithstanding the new reporting requirements, it is important to note, as discussed below, neither the operating fee for federal credit unions nor the required National Credit Union Share Insurance Fund deposit for all insured credit unions will change in response to the temporary increase in coverage limits.

Q: Will the NCUSIF Deposit requirements be increased over 1%?

A. No. The Emergency Economic Stabilization Act of 2008 expressly prohibits the increased insurance coverage to serve as a basis for increasing federally insured credit unions' National Credit Union Share Insurance Fund deposit requirements.

Q: Will our costs increase with the new limits?

A. No. The Emergency Economic Stabilization Act of 2008 expressly prohibits the increased insurance coverage to serve as a basis for increasing federally insured credit unions' operating fees.

Q: Will we need to pay a premium in 2009? If so, how much?

A. Each year, the National Credit Administration Board makes decisions concerning operating fees and share insurance premiums as a part of the budget process. As of this writing, the NCUA Board has not made any final determinations regarding the 2009 budget.

MISCELLANEOUS GENERAL INSURANCE QUESTIONS

Q: Will the Share Insurance Webinar be recorded?

A. The webinar has been recorded and will be available in its entirety on our website in the coming weeks. An expanded PowerPoint presentation which includes the webinar information is currently available in the Share Insurance Tool Kit on the NCUA website.

MISCELLANEOUS GENERAL INSURANCE QUESTIONS

Q: Will NCUA update its video on share insurance?

A. **The October 7, 2008 session covered the most recent statutory and regulatory changes affecting federal share insurance coverage. We will continually monitor topics of interest within the credit union movement when planning future webinars. Should regulatory changes dictate a need or if sufficient overall demand existed, we would consider an updated video on share insurance at a future date.**

Q: Is the NCUSIF are backed up by the government?

A. **Yes. The National Credit Union Share Insurance Fund is backed by the full faith and credit of the United States Government.**

Q: How safe are credit unions compared to savings banks?

A. **The insurance funds administered by both the National Credit Union Share Insurance Fund for federally insured credit unions and the Federal Deposit Insurance Corporation for savings banks are both backed by the full faith and credit of the United States Government.**

Q: The evening before last on the financial channel they specifically stated that Credit Unions were not included in this increase of federal insurance to 250,000. When and how did they revise the bill that was originally passed?

A. **The Emergency Economic Stabilization Act of 2008 was signed into law on October 3, 2008. During the days leading up to the bill being considered by the Senate and then the House, NCUA representatives worked with congressional leaders to ensure NCUA was included in the bill. It has been NCUA's ongoing goal to maintain parity with the insurance coverage provided by the FDIC.**

Q: I am a retiree. If I transfer my IRA from an investment broker to the credit union, are there any restrictions other than minimum distribution at age 70.5?

A. **The Internal Revenue Service establishes rules governing individual retirement accounts. We recommend you contact the Internal Revenue Service directly or seek the advice of an attorney or qualified financial advisor before making a decision about managing individual retirement account funds. NCUA coverage for IRAs is $250,000.**

Q. A member was informing me that they heard someone on the radio say that NCUA does not have to issue a check to a member within a certain timeframe, so if a credit union fails it could take years for that person to receive their money. Is this true?

A. **The NCUSIF generally makes the necessary payouts to members within three days following an involuntary liquidation transaction that does not provide for another credit union assuming the liquidated credit union's shares. Occasionally, payouts require some additional time when problems exist relative to the credit union's records.**

Q: Are money market accounts always insured by NCUA insurance at NCUA insured credit unions?

A. **Yes. Money market accounts in a federally insured credit union are insured by the National Credit Union Share Insurance Fund (NCUSIF). However, money market mutual funds purchased through brokers and are outside the credit union are not insured by the NCUSIF.**