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# Board Action Bulletin

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*Prepared by the Office of Public & Congressional Affairs*

## **NCUA BOARD MEETS MAY 20, 2004**

### ***Proposal would permit FCUs to serve as trustees for Health Savings Accounts***

The NCUA Board issued proposed amendments to Parts 721 and 724 of its regulations that would enable federal credit unions to serve as a trustee or custodian for member-established Health Savings Accounts (HSAs). The proposed rule would implement authority contained in the *Medicare Prescription Drug, Improvement and Modernization Act of 2003*, which was signed into law last December by President Bush.

Anyone with a qualified high deductible health plan may establish an HSA. To qualify, a health plan must have at least a \$1000 deduction for individual coverage and a \$2000 deduction for family coverage.

Annual contributions to an HSA for tax year 2004 may not exceed the lesser of the deductible amount or \$2,600 for individual coverage or \$5,150 for family coverage. Contributions to an HSA are tax deductible, whether or not the taxpayer itemizes other deductions. Income earned on funds in an HSA accrues tax-free, and withdrawals for qualified medical expenses are not taxable. Unused HSA funds may be rolled over and accumulated from year to year, and the account is portable. After retirement, but before eligibility for Medicare, an account owner may use funds in this account to purchase health insurance, including long-term care insurance. A balance remaining in an HSA when the owner reaches age 65 may be used for any purpose. Upon the death of the account owner, account funds may transfer tax-free to a spouse. Additional information on HSAs is available on the U.S. Treasury website [www.ustreas.gov](http://www.ustreas.gov).

Comments are due within 30 days of publication in the *Federal Register*.

### ***Proposal issued to safeguard disposal of consumer information***

The NCUA Board, in concert with fellow financial regulators, issued a proposal that would require federal credit unions to implement controls to ensure proper disposal of consumer information derived from consumer reports in compliance with *Fair and Accurate Credit Transactions (FACT) Act* requirements.

The proposal would amend NCUA's fair credit reporting rule, Part 717, the security program rule, Part 748, and NCUA's Guidelines for Safeguarding Member Information, Part 748

Appendix A, by requiring federal credit unions to develop, implement and maintain appropriate measures to properly dispose of consumer information in accordance with NCUA information security guidelines. Comments are due within 45 days of publication in the *Federal Register*.

*Board votes are unanimous unless indicated.*