

# Share Insurance

**Presented by**  
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# INTRODUCTION

- NCUA insures accounts in credit unions through the National Credit Union Share Insurance Fund (Share Insurance Fund)
- Congress established the Share Insurance Fund in 1970 to insure member's shares
- State chartered federal credit union vs. federal credit unions
- 1%



# INTRODUCTION

- The Share Insurance Fund is backed by the full faith and credit of the United States Government
- The Share Insurance Fund provides essentially the same coverage as the Federal Deposit Insurance Corporation's (FDIC) account insurance
- NCUA Letter to Credit Unions 08-Credit Union-18 – Educating Members on Share Insurance Coverage



# THE BASICS

- The NCUA insures share accounts in federally insured credit unions for \$250,000 per qualifying account
- Verify re:  
<http://mapping.ncua.gov/ResearchCreditUnion.aspx>
- “No member of a federally insured Credit Union has ever lost one penny of insured savings”



# THE BASICS

- If a federally insured credit union fails and is closed, NCUA will pay members the insured amount of their credit union accounts. Payments are usually made within 3 days after a credit union closes its doors
- NCUA sometimes just transfers member accounts to another, federally insured credit union and gives members notice of the transfer



# THE BASICS - MERGERS

- NCUA allows a 6 month grace period after the merger of 2 credit unions
- If a member has accounts at both credit unions, the accounts share insurance coverage for 6 months
- Remember to review the merger rules



# SHARE INSURANCE SIGNS

- NCUA regulations require each insured Credit Union to include the official advertising statement in all of its advertisements including on its main website



# SHARE INSURANCE SIGNS AND DOWNLOADABLE GRAPHICS – BY NCUA

- NCUA has some downloadable Share Insurance graphics

<https://www.ncua.gov/PublishingImages/NCUAGraphics/EnCUSBsign.pdf>

- NCUA has an online order form for Share Insurance Funds signs

<https://www.ncua.gov/Legal/Documents/available-ncua-publications-order-form.pdf>





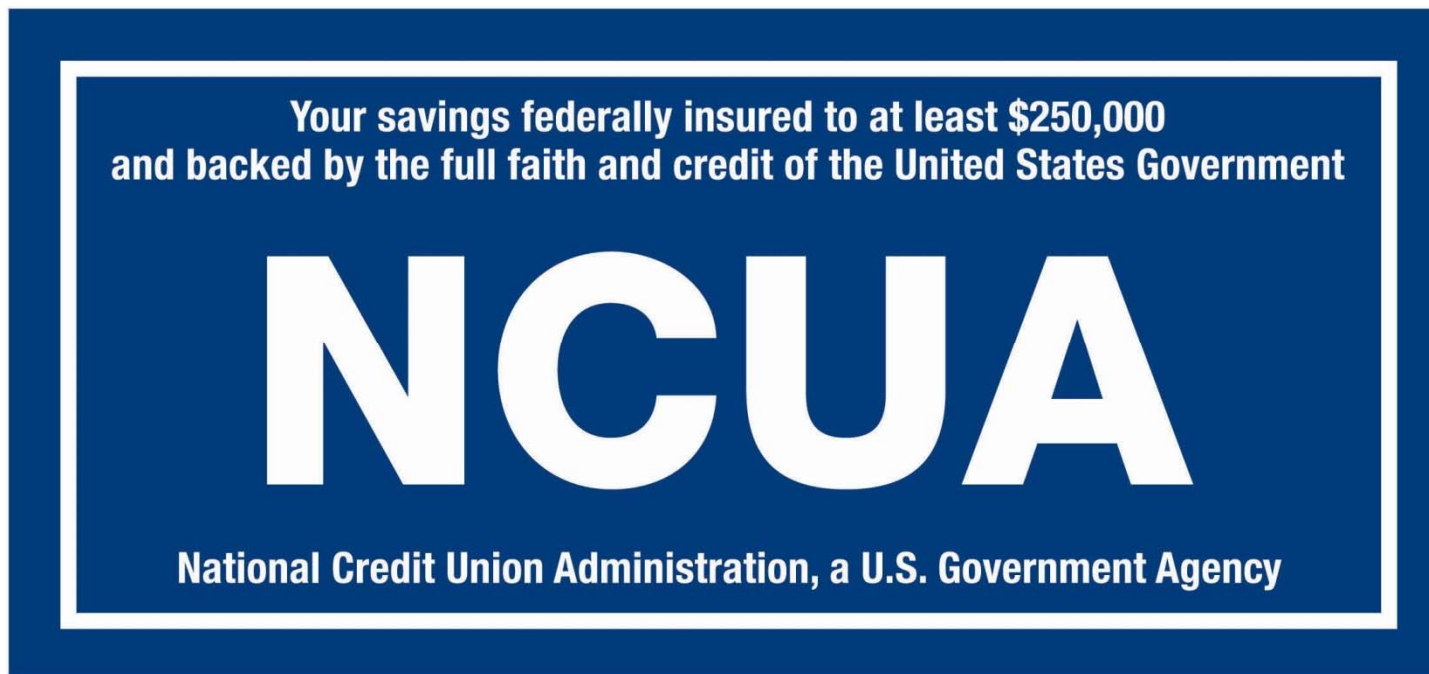
# SHARE INSURANCE SIGNS

- NCUA Regulation Part 740 states that each insured Credit Union must display the official Share Insurance Funds signs where insured account funds or deposits are normally received including a Credit Union website
- A Credit Union may vary the font sizes from that depicted on the official sign but the required text must be readable



# SHARE INSURANCE SIGNS

- The official sign is located in section 740.4(b):



# SHARE INSURANCE SIGNS

- The language for a shared-branching situation is:

**This credit union participates in a shared branch network with other credit unions and accepts share deposits for members of those other credit unions. While this credit union is federally insured, not all of these other credit unions are federally insured. If you need information on the insurance status of your credit union, please contact your credit union directly.**



# THE BASICS

- You can increase your coverage by setting up different types of accounts because the \$250,000 coverage is per qualifying account



# SINGLE OWNERSHIP ACCOUNTS

- If you own individually in just your name = single ownership accounts. Include savings accounts, checking accounts, and share certificates
- Maximum insurance coverage for single accounts account is \$250,000
- NCUA adds together all single accounts and insures them up to \$250,000



# SINGLE OWNERSHIP ACCOUNT EXAMPLE\*

Member	Type of Account	Amount
John Credit	Money Market Account	\$110,000
John Credit	Share Certificate	\$75,000
John Credit	Savings Account	\$35,000
John Credit	Checking Account	\$30,000
<b>Total Deposited</b>		<b>\$250,000</b>
<b>Available Insurance</b>		<b>\$250,000</b>

\*NCUA Slide



# JOINT ACCOUNTS: HOW THEY WORK AND THE INSURANCE COVERAGE

- Joint accounts are accounts owned by two or more members
- Joint account insurance is in addition to insurance you can have for individual accounts
- In cases where a nonmember is an owner with a member with right of survivorship, the nonmember's interest will be insured the same as the member's interest



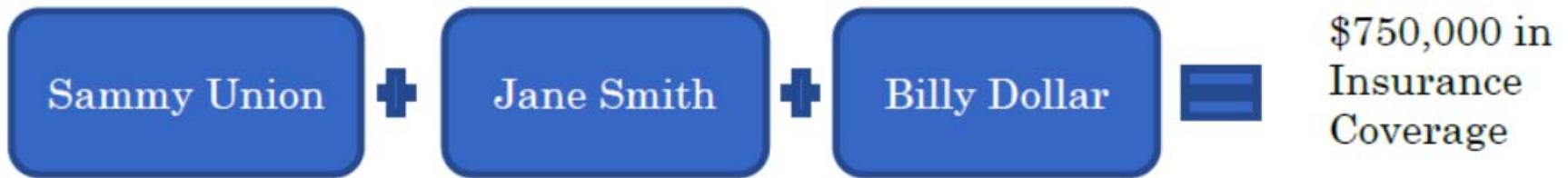
# JOINT ACCOUNTS: HOW THEY WORK AND THE INSURANCE COVERAGE

- NCUA insures each joint owner of the account up to \$250,000
- NCUA adds together each owner's share of any joint accounts he or she has a joint interest in and insures that total up to \$250,000





# JOINT ACCOUNT EXAMPLES\*



\*NCUA Slide

# MULTIPLE JOINT ACCOUNT COVERAGE\*

In this example, Jane and Dan, husband and wife, have a joint account in credit union A with a balance of \$500,000. Dan also has a joint account, in credit union A, with his brother Bill, which has a balance of \$100,000. The charts below show the account balances and the available insurance on each account.

Account	Total Balance	Member 1	Member 2
Joint Account 1	\$500,000	Jane (\$250,000)	Dan (\$250,000)
Joint Account 2	\$100,000	Dan (\$50,000)	Bill (\$50,000)

Owner	Account	Balance	Total Insurance	Uninsured
Dan	1	\$250,000	\$250,000	\$50,000*
	2	\$50,000		
Jane	1	\$250,000	\$250,000	\$0
Bill	2	\$50,000	\$250,000	\$0

\*Dan's interest in account 1 and 2 are added together and insured up to \$250,000, leaving \$50,000 uninsured.



# REVOCABLE TRUSTS: POD ACCOUNTS

- The most common type of revocable trust account is the payable on death account (POD)
- A POD account shows the intent of the account's owner that upon his or her death the funds will pass to one or more named beneficiaries.



# REVOCABLE TRUSTS: POD ACCOUNTS

- NCUA insures these accounts up to \$250,000 per beneficiary. Naming the same beneficiary on more than one POD account does not increase insurance coverage



# REVOCABLE TRUSTS: POD ACCOUNTS

- A beneficiary can be any natural person as well as charitable and nonprofit organizations recognized as tax exempt by the IRS.
- If you list a beneficiary that does not qualify, the funds in the account will be insured as the owner's individual account and added with all of his other individual accounts and insured up to \$250,000



# “INFORMAL” REVOCABLE TRUSTS: POD ACCOUNTS

- Key is intent
- When a member properly lists a beneficiary, viewed as an informal revocable trust account
- NAFCU Bucket example



# SINGLE POD ACCOUNTS\*

Grandpa Joe, payable on death to his friend Sam



\$250,000  
Of  
Insurance Coverage

Grandpa Joe, in trust for his Granddaughter Sue and the city shelter for animals\*.



\$500,000  
Of  
Insurance Coverage

\* As long as the city shelter for animals is a charitable, tax exempt organization, it qualifies \*NCUA Slide

# JOINT POD ACCOUNTS\*

(THE BASIC FORMULA FOR CALCULATING THE INSURANCE COVERAGE ON THESE ACCOUNTS IS: NUMBER OF OWNERS X NUMBER OF QUALIFYING BENEFICIARIES X \$250,000)

Kelly and Katie in  
trust for their sister  
Jane



\$500,000  
Of  
Insurance Coverage  
(2 owners x 1 beneficiary x  
\$250,000 = \$500,000)

Mother and Father,  
payable on death for  
their daughters  
Jackie and Jessica



\$1,000,000  
Of  
Insurance Coverage  
(2 owners x 2 beneficiaries x  
\$250,000 = \$1,000,000)

\*NCUA Slide

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# POD ACCOUNTS WITH MORE THAN 5 BENEFICIARIES AND A BALANCE GREATER THAN \$1,250,000

- POD accounts with more than 5 beneficiaries and a balance greater than \$1,250,000 are treated differently than other POD accounts for insurance purposes



# POD ACCOUNTS WITH MORE THAN 5 BENEFICIARIES AND A BALANCE GREATER THAN \$1,250,000

- The amount of insurance on POD accounts depends on the amount of funds attributed to each beneficiary
- If you need assistance with this type of POD account, contact NCUA's insurance call center



# OTHER POD EXAMPLES\*

Account Title	Insured Amount	Explanation
<p>Jane has two POD accounts:</p> <ul style="list-style-type: none"> <li>• Jane POD to Jamie and Matt</li> <li>• Jane POD to Sue and Matt.</li> </ul>	\$750,000	<p>Listing the same person on two or more POD accounts does not increase insurance coverage. Matt's interest in <u>both</u> POD accounts is added together and insured up to \$250,000. Jamie's and Sue's interests are separately insured up to \$250,000 each</p>
Sue POD to family dog, Spot	?	<p>Since the named beneficiary, Spot, is not a natural person, charity, or non-profit, the funds in the account are added to any other individual accounts in Sue's name and insured up to \$250,000.</p>

\*NCUA Slide



- Coverdell Education Savings Accounts (529 accounts) are insured as irrevocable accounts and will be added to a member's other irrevocable trust accounts insured up to \$250,000



# RETIREMENT ACCOUNTS

- IRA, Roth IRA and Keogh accounts are insured to \$250,000
- These accounts are insured separately from other accounts a member maintains in the same credit union
- Traditional IRA accounts and Roth IRA accounts are added together and insured up to \$250,000



# EXAMPLE ON MAXIMIZING COVERAGE\*

The following example shows how a family of four (Mother Jane, Father Tom, and two children Bobby and Charlotte) can maximize share insurance coverage.

Account Title	Amount of coverage
Single account of Jane	\$250,000
Single account of Tom	\$250,000
Joint account of Tom and Jane	\$500,000
IRA for Jane	\$250,000
IRA for Tom	\$250,000
Tom, POD for Bobby and Charlotte	\$500,000
Jane, POD for Bobby and Charlotte	\$500,000
<b>TOTAL:</b>	<b>\$2,500,000.00</b>

\*NCUA Slide



# DISCLAIMERS

- FCU Act and NCUA rules on Share Insurance coverage control issues. “No persons may imply a federally insured Credit Union can offer coverage that differs from this formal structure.”
- Members should review their accounts periodically when they open new accounts or modify existing accounts



Your savings federally insured to at least \$250,000  
and backed by the full faith and credit of the United States Government

# NCUA

National Credit Union Administration, a U.S. Government Agency

## E-Calculator The Electronic Share Insurance Calculator

The Electronic Share Insurance Calculator (E-Calculator) bases the computations for coverage on the rules in effect as of October 3, 2008. If any subsequent statutory or regulatory changes should occur, NCUA will update the calculator as quickly as possible. The release date for this version of the E-Calculator is October 16, 2008.

Take it one credit union at a time. Enter all of your share accounts for that credit union, then go through all three steps. When your report for the first credit union is complete, start back here with your next credit union and so on, until you have a report for each credit union where you have share accounts.

**Resources:** [Page Help](#) | [E-Calculator Security](#) | [Summary of Changes](#)

### Step 1

#### ▼ Enter Your Information

Insured credit union

**Note:** Once you enter a name, it will be set for the duration of your session or until you click 'Start Over'.

Add first account...  Personal Account  Business Account

### Step 2

#### ▶ Read Your Report

### Step 3

#### ▼ Print Your Report

Click here to print this report.

Click here to start over.

**Note:** Totals will be rounded.

E-Calculator is designed to give an accurate share insurance calculation, assuming it is properly used and the account information is correctly entered. However, the results and conclusions generated by E-Calculator are strictly advisory. All actual claims for share insurance shall be governed exclusively by information set forth in the NCUA-insured credit union's records and applicable federal statutes and regulations then in effect. This calculation is based on the share insurance regulations in effect as of October 2008.

[Return to NCUA Share Insurance Toolkit](#)





- Electronic Share Insurance Calculator

<http://webapps.ncua.gov/ins/>





HOME

INSURANCE ESTIMATOR

SHARE INSURANCE FAQ

CONTACT US

The Share Insurance Estimator bases the computations for coverage on the rules in effect as of May 2013. If any subsequent statutory or regulatory changes occur, NCUA will update the calculator as quickly as possible. The release date for this version of the Share Insurance Estimator is January 2014.

Take it one credit union at a time. Enter all of your share accounts for that credit union, then go through all three steps. When your report for the first credit union is complete, start back here with your next credit union and so on, until you have a report for each credit union where you have share accounts.

Help information is available by placing your cursor over the "What's This?". Under Resources below, the "Help" link provides information on how to complete each of the steps by account type. Also available is a "Glossary" of terms, "Security" information, "Privacy" information, "Open Government" information, as well as "Other information" on share insurance at MyCreditUnion.gov.

If there is an error with your selection, you will see a . Click or hover over the red circled X to see the error message and how to correct your selection.

Step 1

Enter Your Information

Insured credit union    
 [What's This?](#)   
 [Credit Union Lookup](#) (optional)   
 [What's This?](#)

Add first account  Personal Account [What's This?](#)   
  Business Account [What's This?](#)   
  Government Account [What's This?](#)

**Note:** Because the Share Insurance Estimator only calculates coverage for one credit union at a time, the credit union name you enter will be set for the duration of your session or until you click 'Create a new report'.

Step 2

Read Your Report

Step 3

Print Your Report

Print this report

Create a new report

The Share Insurance Estimator is designed to give an accurate share insurance calculation, assuming it is properly used and the account information is correctly entered. However, the results and conclusions generated by the Share Insurance Estimator are strictly advisory. This estimate is based on the share insurance regulations in effect as of May 2013. All actual claims for share insurance shall be governed exclusively by information set forth in the federally insured credit union's records and applicable federal statutes and regulations then in effect.



- Share Insurance Estimator

<https://www.mycreditunion.gov/estimator/Pages/calculator.aspx>



- Share Insurance Brochure
- <https://www.ncua.gov/Legal/GuidesEtc/GuidesManuals/NCUAHowYourAcctInsured.pdf>
- Lobby



# NCUA FAQ

1. Which Credit Unions are insured by the NCUA Share Insurance Fund?
2. Does the Share Insurance Fund protection apply only if the Credit Union is liquidated?
3. What is the standard maximum Share Insurance amount?



# NCUA FAQ

4. What types of accounts are insured?
5. Does Share Insurance coverage increase by placing funds in two or more of the same kind of Share Accounts in the same Credit Union?
6. If a Member has accounts in several different insured Credit Unions, would the amounts be added together for the purposes of insurance coverage?



# NCUA FAQ

7. If a Member has more than one individual account in the same insured Credit Union, is each account insured to \$250,000?
8. If two or more persons such as a husband and wife have a joint account in the same Credit Union, as well as their own individual accounts, is each account separately insured?



# NCUA FAQ

9. What is the Share Insurance coverage on a trust account held under the provisions of an irrevocable express trust?
10. What is the insurance coverage on a revocable trust account, a tentative or “Totten” trust account, a “payable-on-death” (POD), or a qualifying living trust account?





# NCUA FAQ

11. What is the insurance coverage on a joint revocable trust account?
12. Is a co-owner on a revocable trust account insured if they are not a member in their own right?
13. What insurance coverage is provided for traditional IRAs, Roth IRAs, and Keogh accounts?



# NCUA FAQ

14. Are accounts held by a person as executor, administrator, guardian, custodian, or in some other similar fiduciary capacity insured separately from his individual account?
15. Are IOLTA accounts covered by Share Insurance?



# NCUA FAQ

16. Is an account held by a corporation, partnership or unincorporated association insured separately from the individual accounts of stockholders, partners, or members?
17. What effect does the death of a member have on Share Insurance coverage?



# NCUA FAQ

18. Can a federal credit union terminate its Share Insurance coverage?
19. What effect does the merger of a federally insured Credit Union have on Share Insurance coverage?
20. What effect does the failure of a federally insured Credit Union have on Share Insurance coverage?



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