

# NCUA

Have confidence  
about the protection  
of your money

\* Higher Coverage  
Now Available for  
Retirement Accounts.

## Important Notice

### About NCUA Coverage of Retirement Accounts

New regulations effective April 1, 2006 raise the maximum level of coverage for certain retirement accounts to \$250,000. All other categories (Individual ownership, Joint ownership, Revocable Trust Accounts) remain at \$100,000.

This is an important change in coverage as many people now have retirement accounts at two or more financial institutions in order to have full protection for their retirement savings. With the new \$250,000 maximum, many will be able to consolidate their accounts in one credit union.

This brochure gives you a good overview of the coverage available in all of the categories eligible for NCUA coverage. Make sure you have the maximum protection for your money.

### Facts to Know About Your Insured Shares

#### ABOUT INDIVIDUAL ACCOUNTS

Each member's funds are insured to \$100,000 — and that limitation applies to the **total** of a person's funds in share draft, share, and share certificates for which an insured credit union is liable. So share insurance is not increased, for example, by putting \$100,000 into a share account and \$100,000 into a share draft account in the same insured credit union. In that case, \$100,000 is insured, not \$200,000.

Actual title to each insured account must be in the name of the account holder named. **Thus, if a member sets up a number of accounts under different names with no intention of creating the indicated ownership interests with respect to the funds, share insurance will not be increased. The funds will be insured only as the funds of the true owner.**

#### ABOUT JOINT ACCOUNTS

In addition to their **individual** insured accounts, each person is entitled to a maximum of \$100,000 coverage for their interest in all of their **joint** accounts.

A husband and wife, or any two or more persons may have a valid joint account covered for the total amount allowed for each person in the joint account category. For example, since each co-owner is deemed to have an equal interest, a husband and wife could have one joint account with \$200,000 fully covered. In this example, neither of them would

be eligible for coverage of any amounts in any other joint accounts at the same insured credit union. As another example, three siblings could have a joint account containing \$300,000, all fully insured, with each of the three deemed to be insured for \$100,000. Again, in this example, any amounts in joint accounts at the same insured credit union with the same or other persons would not be covered by share insurance.

Insurance protection is not increased by merely rearranging the names of owners, changing the style of names, or by having more than one joint account for the same combination of owners in the same insured credit union.

Each co-owner of a joint account must have equal withdrawal rights and must personally execute a signature card — except in the case of jointly-held share certificates or shares represented by negotiable instruments. Jointly held share certificates must in fact be jointly owned to be insured as a joint account.

#### ABOUT REVOCABLE TRUST ACCOUNTS

Funds deposited into revocable trust accounts whose beneficiaries are either a spouse, child, grandchild, parent or sibling of the owner are separately insured to \$100,000, (in addition to the insurance on valid individual and joint accounts). They provide that, at the death of the owner, funds will pass to a named beneficiary, i.e.; spouse, child, grandchild, parent or sibling. The person who has the power of revoking the trust is considered the owner of the account.

## Self-Directed Retirement Accounts \$250,000 Maximum Coverage

Individual Retirement Accounts (IRAs), self-directed Keogh accounts and any other self-directed retirement accounts are insured under the same ownership category. Accounts are self-directed if the owner has the right to select how the assets are invested.

All of a person's self-directed retirement accounts at the same insured credit union are added together and the total is insured to \$250,000. Naming beneficiaries on self-directed retirement accounts does not increase insurance coverage.

Retirement accounts are not included on the charts in this brochure because they are subject to special rules governing deposit and withdrawal of funds.

## MORE INFORMATION ON NCUA

The death of a member will not affect the member's share insurance coverage for a period of six months following death, unless the accounts are restructured within that time period.

There will be a six month grace period for members to restructure their accounts after the merger of insured credit unions. During the grace period, the accounts will be insured as if no merger had occurred.

If an insured member establishes a revocable trust account with a **non-qualifying** beneficiary (someone other than a spouse, child, grandchild, parent or sibling of the insured) the funds corresponding to that beneficiary will be considered as individually owned by the member establishing the revocable trust account and will be added to any other individually owned accounts and insured in the aggregate to \$100,000.

Coverdell Education Savings Accounts are insurable as irrevocable trust accounts under NCUA's rules. These accounts replaced Education Individual Retirement Accounts.

**Get a Closer Look!** These charts show some average family groups and the maximum coverage available to them. We use the maximum amounts because they best demonstrate the total coverage available, even though an "average" family probably would not have such balances in the account types shown. Also, all of our examples assume that the requirements for each legal ownership category have been met by the individuals depicted.

### How Husband and Wife May Have Insured Accounts Totalling \$600,000



#### Individual Accounts:

Husband	\$100,000
Wife	\$100,000

#### Joint Accounts:

Husband and Wife	\$200,000
------------------	-----------

#### Revocable Trusts:

Husband as Trustee for Wife	\$100,000
Wife as Trustee for Husband	\$100,000
	<u>\$600,000</u>

### How Husband, Wife and Two Children May Have Insured Accounts Totalling \$2,000,000



#### Individual Accounts:

Husband	\$100,000
Wife	\$100,000
Child Number One	\$100,000
Child Number Two	\$100,000

#### Joint Accounts:

Husband and Wife	\$100,000
Husband and Child Number One	\$100,000
Wife and Child Number Two	\$100,000
Child Number One and Child Number Two	\$100,000

#### Revocable Trust Accounts:

Husband as Trustee for Wife	\$100,000
Husband as Trustee for Child Number One	\$100,000
Husband as Trustee for Child Number Two	\$100,000
Wife as Trustee for Husband	\$100,000
Wife as Trustee for Child Number One	\$100,000
Wife as Trustee for Child Number Two	\$100,000
Child Number One as Trustee for Child Number Two	\$100,000
Child Number Two as Trustee for Child Number One	\$100,000
Child Number One as Trustee for Father	\$100,000
Child Number One as Trustee for Mother	\$100,000
Child Number Two as Trustee for Father	\$100,000
Child Number Two as Trustee for Mother	\$100,000
	<u>\$2,000,000</u>

### How a Husband, Wife and One Child May Have Insured Accounts Totalling \$1,200,000



#### Individual Accounts:

Husband	\$100,000
Wife	\$100,000
Child	\$100,000

#### Joint Accounts:

Husband and Wife	\$100,000
Husband and Child	\$100,000
Wife and Child	\$100,000

#### Revocable Trusts:

Husband as Trustee for Wife	\$100,000
Husband as Trustee for Child	\$100,000
Wife as Trustee for Husband	\$100,000
Wife as Trustee for Child	\$100,000
Child as Trustee for Father	\$100,000
Child as Trustee for Mother	\$100,000
	<u>\$1,200,000</u>

### How a Grandparent and Two Grandchildren May Have Insured Accounts Totalling \$1,000,000



#### Individual Accounts:

Grandparent	\$100,000
Grandchild Number One	\$100,000
Grandchild Number Two	\$100,000

#### Joint Accounts:

Grandparent and Grandchild Number One	\$100,000
Grandparent and Grandchild Number Two	\$100,000
Child Number One and Child Number Two	\$100,000

#### Revocable Trust Accounts:

Grandparent as Trustee for Grandchild Number One	\$100,000
Grandparent as Trustee for Grandchild Number Two	\$100,000
Grandchild Number One as Trustee for Grandchild Number Two	\$100,000
Grandchild Number Two as Trustee for Grandchild Number One	\$100,000
	<u>\$1,000,000</u>

The same grouping of insured accounts can be arranged for a parent and two children, instead of for a grandparent and two grandchildren.

### SPECIAL NOTES ABOUT REVOCABLE TRUST ACCOUNTS OF ONE GRANDPARENT FOR THE OTHER

Grandparents must be married to each other in order for the revocable trust accounts of one for the other to be separately insured.

### ABOUT NCUA SANCTION OF THE INFORMATION IN THIS BROCHURE

The NCUA cannot officially sanction and approve this brochure, because the examples, although generally accurate, are designed to simplify in layman's terms rather complex rules that in some circumstances may only be fully understood in the statutory and regulatory context in which they were written.

### How Grandfather, Grandmother and a Grandchild May Have Insured Accounts Totalling \$1,000,000



#### Individual Accounts:

Grandfather	\$100,000
Grandmother	\$100,000
Grandchild	\$100,000

#### Joint Accounts:

Grandfather and Grandmother	\$100,000
Grandfather and Grandchild	\$100,000
Grandmother and Grandchild	\$100,000

#### Revocable Trust Accounts:

Grandfather as Trustee for Grandmother	\$100,000
Grandfather as Trustee for Grandchild	\$100,000
Grandmother as Trustee for Grandfather	\$100,000
Grandmother as Trustee for Grandchild	\$100,000
	<u>\$1,000,000</u>