
Board Action Bulletin



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NCUA BOARD MEETING RESULTS FOR SEPTEMBER 21, 2006

Share insurance coverage rule change is finalized

NCUA issued a rule change to Part 745 finalizing and clarifying the March 2006 interim final rule amendments to share insurance coverage for federally insured credit unions.

The final rule provisions include the following:

- Define the “standard maximum share insurance amount” (SMSIA) as \$100,000 and require NCUA and FDIC to jointly consider if an inflation adjustment is appropriate beginning in 2010 and subsequent 5-year periods.
- Increase the share insurance limit for IRA and Keogh retirement accounts from \$100,000 to \$250,000, subject to the same inflation adjustments.
- Provide pass-through coverage to all participants of an employee benefit plan, but limit acceptance of shares in employee benefit plans to insured credit unions that are well capitalized or adequately capitalized.
- Clarify insurance coverage for qualified tuition savings programs, commonly referred to as 529 plans, and share accounts denominated in foreign currencies.

To provide maximum coverage as soon as possible, NCUA increased the share insurance limit on IRA and Keogh retirement accounts to \$250,000 effective April 1, 2006, shortly after adopting the interim final rule in March 2006.

A major factor in calculating any increase to SMSIA or retirement accounts in 2010 will use a formula comparing, over time, the annual value of the Personal Consumption Expenditures Chain-Type Price Index published by the Department of Commerce

NCUA expects to finalize the rule change updating the sign signifying NCUA insurance coverage protection at the November Board meeting.

Board votes are unanimous unless indicated