



December 15, 2008

Mary Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314

RE: Share Insurance of Revocable Trust Accounts

Dear Ms. Rupp:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the interests of our nation's federal credit unions (FCUs), I am responding to the request for comments by the National Credit Union Administration (NCUA) regarding its Interim Final Rule (interim rule) on share insurance for revocable trust accounts.

The interim rule makes several changes to the agency's share insurance for revocable trust accounts. Of note, the concept of "qualifying beneficiaries" is eliminated. A beneficiary can be a natural person, or a charity or other non-profit organization. Further, for revocable trust accounts with \$500,000 (increased to \$1.25 million until the end of 2009 under the Emergency Economic Stabilization Act of 2008 (Act)) or less, coverage will be determined without regard to the proportional beneficial interest of each beneficiary in the trust. Coverage of trust accounts with up to five different beneficiaries will be insured up to \$100,000 (\$250,000 until the end of 2009) per beneficiary. Revocable trust accounts with more than \$500,000 (\$1.25 million until the end of 2009) *and* more than five different beneficiaries named in the trust(s) will be insured for the greater of either: \$500,000 (\$1.25 million until the end of 2009) or the aggregate amount of all the beneficiaries' interests in the trust(s), limited to \$100,000 (\$250,000 until the end of 2009) per beneficiary.

NAFCU applauds the NCUA for making changes that would simplify the rules on share insurance for revocable trust accounts. We believe the elimination of the concept of "qualifying beneficiaries," and the changes made relative to the manner of determining share insurance coverage are sound decisions that will enable credit unions to more fully meet the needs of their members. Credit union members, pursuant to this rule, who would like to name

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any living person or nonprofit organization as a beneficiary can do so with the confidence of federal insurance coverage. The simplification of how coverage is determined will allow credit unions and their members to better understand share insurance for revocable trust accounts and engender more confidence to maintain such accounts at federally insured credit unions.

NAFCU believes that the interim rule is generally clear and easy to understand. However, we would like to recommend one additional measure that would make the rule easier to follow. Specifically, we recommend that in the general rule, proposed 12 C.F.R. § 754.4, after the phrase, "Except as provided in paragraph (e) of this section," the following be added: "regarding the limitation of beneficiaries to five." Thus, § 754.4 would begin as follows: "Except as provided in paragraph (e) of this section regarding the limitation of beneficiaries to five...." We believe that the addition of the language on the limitation in the general rule is important because the limitation of beneficiaries is a central component of share insurance coverage of revocable trust accounts.

NAFCU appreciates this opportunity to share its comments on this interim rule. Should you have any questions or require additional information please call me at (703) 522-4770 or (800) 336-4644 ext. 268.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tessema Tefferi".

Tessema Tefferi  
Associate Director of Regulatory Affairs