

From: John A. Hudson [jahudson@jahudson.com]
Sent: Monday, November 24, 2008 4:44 PM
To: _Regulatory Comments
Subject: Comments on Share Insurance for Revocable Trust Accounts"



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From: The desk of John A. Hudson

To: Mary Rupp /

Re: NCUA Comments on Share Insurance for Revocable Trust Accounts"

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I am involved in estate planning practice and frequently draft and use Revocable Living Trusts for such purposes. I have read the proposed rule revision for NCUA insurance on Share Accounts for Revocable Living Trusts, and I have two concerns:

First, the beneficiaries would be limited to: spouse, children, grandchildren, parents and siblings. As such, this would exclude an important class of beneficiaries in many of today's family structures: Stepchildren. Many of today's families are a blend of children from prior relationships and the current marriage. Many of those families treat children by the other spouse the same as children of the current marriage. These stepchildren are part of the close, immediate family, and if it is the intend to allow for insurance on the basis of beneficiaries of close families, step children should not be excluded.

Second, I am not able to find that the member is included in the count for determining a beneficiary. For example, A single mother is a member and establishes a revocable living trust, naming herself as beneficiary for life, and on her death to her daughter, an only child. She keeps \$400,000 in a NCUA member account. Is the account only insured \$250,000 for the single beneficiary on death, her daughter (since the trustor/primary beneficiary is a single mother and is neither a spouse, child, etc.)? Or, is it insured for \$400,000 (or up to \$500,000 if another \$100,000 is added) - \$250,000 for the member/primary life time beneficiary and up to \$250,000 for the only child on death. It is not clear to me what the answer is, unless by silence is the member/lifetime beneficiary does not count for insurance. If that is the case, it certainly should not be the case.

Thank you, for listening.

Sincerely,

John A. Hudson

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