

National Credit Union Administration

§ 745.4

maturity date after the six-month period. In the case of a share certificate that matures within the six-month grace period that is renewed at the same dollar amount, either with or without accrued dividends having been added to the principal amount, and for the same term as the original share certificate, the separate insurance applies to the renewed share certificate until the first maturity date after the six-month period. A share certificate that matures within the six-month grace period that is renewed on any other basis, or that is not renewed, is separately insured only until the end of the six-month grace period.

[51 FR 37560, Oct. 23, 1986, as amended at 65 FR 34924, June 1, 2000; 68 FR 75114, Dec. 30, 2003; 71 FR 14635, Mar. 23, 2006]

§ 745.3 Single ownership accounts.

(a) Funds owned by an individual and deposited in the manner set forth below shall be added together and insured up to the SMSIA in the aggregate.

(1) *Individual accounts.* Funds owned by an individual (or by the husband-wife community of which the individual is a member) and deposited in one or more accounts in the individual's own name shall be insured up to the SMSIA in the aggregate.

(2) *Accounts held by agents or nominees.* Funds owned by a principal and deposited in one or more accounts in the name or names of agents or nominees shall be added to any individual account of the principal and insured up to the SMSIA in the aggregate. This applies to interests created in qualified tuition savings programs established in connection with section 529 of the Internal Revenue Code (26 U.S.C. 529).

(3) *Custodial loan accounts.* Loan payments received by a Federal credit union prior to remittance to other parties to whom the loan was sold pursuant to section 107(13) of the Federal Credit Union Act and §701.23 of NCUA's Regulations shall be considered to be funds owned by the borrower and shall be added to any individual accounts of the borrower and insured up to the SMSIA in the aggregate.

(b) Funds held by a guardian, custodian, or conservator for the benefit of his ward or for the benefit of a minor

under a Uniform Gifts to Minors Act and deposited in one or more accounts in the name of the guardian, custodian, or conservator are insured up to the SMSIA in the aggregate, separately from any other accounts of the guardian, custodian, conservator, ward, or minor.

[51 FR 37560, Oct. 23, 1986, as amended at 71 FR 14635, Mar. 23, 2006]

§ 745.4 Revocable trust accounts.

(a) For purposes of this part, the term "revocable trust account" includes a testamentary account, tentative or "Totten" trust account, "payable-on-death" account, or any similar account which evidences an intention that the funds shall pass on the death of the owner of the funds to a named beneficiary.

(b) If the named beneficiary of a revocable trust account is a spouse, child, grandchild, parent, brother or sister of the account owner, the account shall be insured up to the SMSIA in the aggregate as to each such beneficiary, separately from any other accounts of the owner or beneficiary, regardless of the membership status of the beneficiary.

(c) If the named beneficiary of a revocable trust account is other than the spouse, child, grandchild, parent, brother or sister of the account owner, the funds corresponding to that beneficiary shall be treated as an individually owned account of the owner, aggregated with any other individually owned accounts of the owner, and insured up to the SMSIA. For example, if A establishes an account payable upon death to his nephew, the account would be insured as an individual account owned by A. Similarly, if B establishes an account payable upon death to her husband, son and nephew, two-thirds of the account balance would be eligible for revocable trust account coverage up to twice the SMSIA corresponding to the two qualifying beneficiaries, the spouse and child. The amount corresponding to the non-qualifying beneficiary, the nephew, would be deemed to be owned by B as an individual account and insured accordingly.

(d) For purposes of this section, the term "child" includes the biological, adopted or step-child of the owner; the

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term “grandchild” includes the biological, adopted or step-child of any of the owner’s children; the term “parent” includes the biological, adoptive or step-parent of the owner; the term “brother” includes a full brother, half brother, brother through adoption or step-brother; and the term “sister” includes a full sister, half sister, sister through adoption or step-sister.

(e) *Living Trusts.* Insurance treatment under this section also applies to revocable trust accounts held in connection with a so-called “living trust,” meaning a formal trust that an owner creates and retains control over during his or her lifetime. If a named beneficiary in a living trust is a qualifying beneficiary under this section, then the share account held in connection with the living trust may be eligible for share insurance under this section, assuming compliance with all the provisions of this part. This coverage applies only if, at the time an insured credit union fails, a qualifying beneficiary would be entitled to his or her interest in the trust assets upon the grantor’s death and that ownership interest would not depend upon the death of another beneficiary. If there is more than one grantor, the beneficiary’s entitlement to the trust assets must be upon the death of the last grantor. The coverage provided in this paragraph (e) is irrespective of any other conditions in the trust that might prevent a beneficiary from acquiring an interest in the share account upon the account owner’s death. The rules in paragraph (c) of this section on the interests of non-qualifying beneficiaries apply to living trust accounts. For living trust accounts that provide for a life estate interest for designated beneficiaries and a remainder interest for other beneficiaries, unless otherwise indicated in the trust, each life estate holder and each remainder-man will be deemed to have equal interests in the trust assets for share insurance purposes. Coverage will then be provided under the rules in this paragraph (e) up to the SMSIA per qualifying beneficiary. For a living trust account to qualify for coverage provided under this paragraph (e), the records of the credit union must reflect that the funds in the account are held pursuant

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to a formal revocable trust, but the credit union’s records need not indicate the names of the beneficiaries of the living trust or their ownership interests in the trust. Effective April 1, 2004, this paragraph (e) will apply to all living trust accounts, unless, upon an insured credit union failure, a member who established a living trust before April 1, 2004, chooses coverage under the previous living trust account rules. For any insured credit union failures occurring between February 19, 2004 and April 1, 2004, the NCUA will apply the living trust account rules in this revised paragraph (e) if doing so would benefit living trust account holders of such insured credit union.

(f) *Joint revocable trust accounts.* Where an account described in paragraph (a) of this section is established by more than one owner and held for the benefit of others, some or all of whom are within the qualifying degree of kinship, the respective interests of each owner held for the benefit of each qualifying beneficiary will be separately insured up to the SMSIA. The interest of each co-owner will be deemed equal unless otherwise stated in the share account records of the federally-insured credit union. Interests held for non-qualifying beneficiaries will be added to the individual accounts of the owners. Where a husband and a wife establish a revocable trust account naming themselves as the sole beneficiaries, the account will not be insured according to the provisions of this section, but will instead be insured in accordance with the joint account provisions of § 745.8.

[64 FR 19687, Apr. 22, 1999, as amended at 65 FR 34924, June 1, 2000; 68 FR 75114, Dec. 30, 2003; 69 FR 8801, Feb. 26, 2004; 71 FR 14635, Mar. 23, 2006]

§ 745.5 Accounts held by executors or administrators.

Funds of a decedent held in the name of the decedent or in the name of the executor or administrator of the decedent’s estate and deposited in one or more accounts shall be insured up to the SMSIA in the aggregate for all such accounts, separately from the individual accounts of the beneficiaries