

NCUA SHARE INSURANCE AND YOU

Your savings federally insured to at least \$250,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency

Maximize Your Insurance Coverage

ROAD MAP

This brief slide show will walk you through the basics of share insurance. The slides focus on the types of accounts, and how to set up your accounts to maximize coverage. There are real-world examples to help you understand share insurance coverage.



INTRODUCTION

- NCUA insures accounts in credit unions through the National Credit Union Share Insurance Fund (Share Insurance Fund).
- Congress established the Share Insurance Fund in 1970 to insure member's shares.
- The Share Insurance Fund is backed by the full faith and credit of the United States Government.
- The Share Insurance Fund provides essentially the same coverage as the Federal Deposit Insurance Corporation's (FDIC) account insurance.
- Not one penny of insured savings has ever been lost by a member of a federally insured credit union!




THE BASICS

- The NCUA insures share accounts in federally insured credit unions for \$250,000 per qualifying account.
- You can tell your credit union is federally insured by checking to see if it displays the NCUA official insurance sign, which is on the first slide of this presentation. You can also check the insurance status of your credit union by visiting www.ncua.gov/indexdata.
- If a federally insured credit union fails and is closed, NCUA will pay members the insured amount of their credit union accounts. Payments are usually made within 3 days or less after a credit union closes its doors. Instead of sending payments directly to members, NCUA sometimes just transfers member accounts to another, open federally insured credit union and gives members a notice of the transfer.
- You can increase your coverage by setting up different types of accounts because the \$250,000 coverage is per qualifying account.



SINGLE OWNERSHIP ACCOUNTS:

- Funds you own individually in just your name are single ownership accounts. These include savings accounts, checking accounts, and share certificates.
- The maximum insurance coverage for single accounts account is \$250,000.
- NCUA adds together all single accounts and insures them up to \$250,000.

Here is an example 



SINGLE OWNERSHIP ACCOUNT EXAMPLES

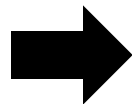
Member	Type of Account	Amount
John Credit	Money Market Account	\$110,000
John Credit	Share Certificate	\$75,000
John Credit	Savings Account	\$35,000
John Credit	Checking Account	\$30,000
Total Deposited		\$250,000
Available Insurance		\$250,000



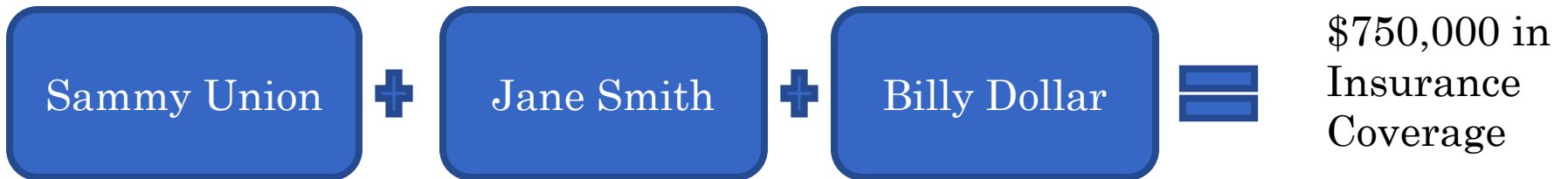
JOINT ACCOUNTS: HOW THEY WORK AND THE INSURANCE COVERAGE

- Joint accounts are accounts owned by two or more members.
- Joint account insurance is in addition to insurance you can have for individual accounts.
- NCUA insures each owner of the account up to \$250,000.
- NCUA adds together each owner's share of any joint accounts he or she has a joint interest in and insures that total up to \$250,000.

Here are some examples



JOINT ACCOUNT EXAMPLES



MULTIPLE JOINT ACCOUNT COVERAGE

In this example, Jane and Dan, husband and wife, have a joint account in credit union A with a balance of \$500,000. Dan also has a joint account, in credit union A, with his brother Bill, which has a balance of \$100,000. The charts below show the account balances and the available insurance on each account.

Account	Total Balance	Member 1	Member 2
Joint Account 1	\$500,000	Jane (\$250,000)	Dan (\$250,000)
Joint Account 2	\$100,000	Dan (\$50,000)	Bill (\$50,000)

Owner	Account	Balance	Total Insurance	Uninsured
Dan	1	\$250,000	\$250,000	\$50,000*
	2	\$50,000		
Jane	1	\$250,000	\$250,000	\$0
Bill	2	\$50,000	\$250,000	\$0

*Dan's interest in account 1 and 2 are added together and insured up to \$250,000, leaving \$50,000 uninsured.

REVOCAABLE TRUSTS : POD ACCOUNTS

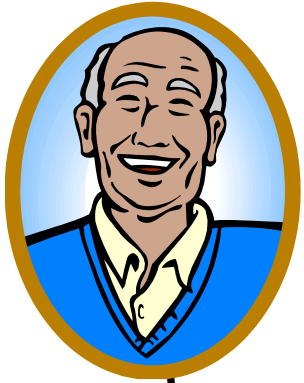
- The most common type of revocable trust account is the payable on death account (POD)
- A POD account shows the intent of the account's owner that upon his or her death the funds will pass to one or more named beneficiaries. Typically, this intent is shown in the titling of the account by using words such as: in trust for or payable on death to.
- NCUA insures these accounts up to \$250,000 per beneficiary. Naming the same beneficiary on more than one POD account does not increase insurance coverage.
- A beneficiary can be any natural person as well as charitable and nonprofit organizations recognized as tax exempt by the IRS. If you list a beneficiary that does not qualify, the funds in the account will be insured as the owner's individual account and added with all of his other individual accounts and insured up to \$250,000.
- Insurance coverage on POD accounts that name more than five beneficiaries and have a balance greater than \$1,250,000 are treated differently for insurance purposes.

Here are some examples



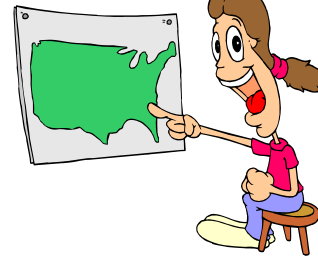
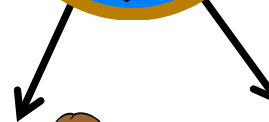
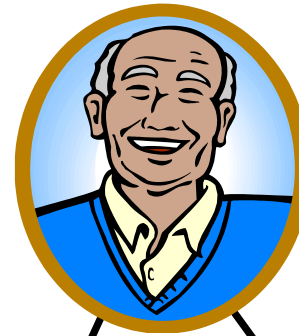
SINGLE POD ACCOUNTS

Grandpa Joe, payable
on death to his friend
Sam



\$250,000
Of
Insurance Coverage

Grandpa Joe, in trust
for his Granddaughter
Sue and the city
shelter for animals*.



\$500,000
Of
Insurance Coverage

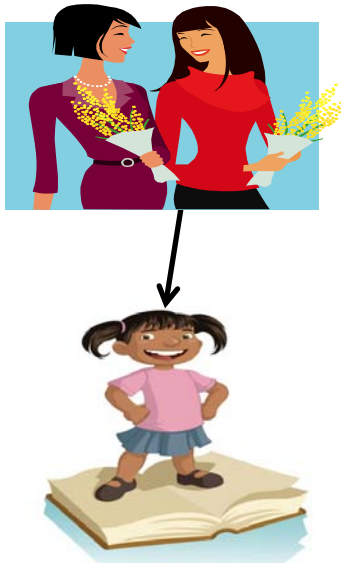
* As long as the city shelter for animals is a charitable, tax exempt organization, it qualifies



JOINT POD ACCOUNTS

(THE BASIC FORMULA FOR CALCULATING THE INSURANCE COVERAGE ON THESE ACCOUNTS IS: NUMBER OF OWNERS X NUMBER OF QUALIFYING BENEFICIARIES X \$250,000)

Kelly and Katie in trust for their sister Jane



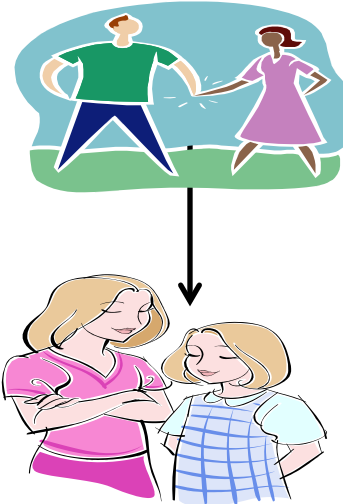
\$500,000

Of

Insurance Coverage

(2 owners x 1 beneficiary x \$250,000 = \$500,000)

Mother and Father, payable on death for their daughters Jackie and Jessica



\$1,000,000

Of

Insurance Coverage

(2 owners x 2 beneficiaries x \$250,000 = \$1,000,000)



POD ACCOUNTS WITH MORE THAN 5 BENEFICIARIES AND A BALANCE GREATER THAN \$1,250,000

- POD accounts with more than 5 beneficiaries and a balance greater than \$1,250,000 are treated differently than other POD accounts for insurance purposes.
- The amount of insurance on these types of POD accounts depends on the amount of funds attributed to each beneficiary.
- If you need assistance with this type of POD account please contact NCUA's insurance call center at 1-800-755-1030.



OTHER POD EXAMPLES

Account Title	Insured Amount	Explanation
Jane has two POD accounts: <ul style="list-style-type: none">• Jane POD to Jamie and Matt• Jane POD to Sue and Matt.	\$750,000	Listing the same person on two or more POD accounts does not increase insurance coverage. Matt's interest in <u>both</u> POD accounts is added together and insured up to \$250,000. Jamie's and Sue's interests are separately insured up to \$250,000 each
Sue POD to family dog, Spot	?	Since the named beneficiary, Spot, is not a natural person, charity, or non-profit, the funds in the account are added to any other individual accounts in Sue's name and insured up to \$250,000.



RETIREMENT ACCOUNTS

- IRA, Roth IRA and Keogh accounts are insured to \$250,000.
- These accounts are insured separately from other accounts a member maintains in the same credit union
- Keogh accounts are separately insured from IRA accounts.
- Traditional IRA accounts and Roth IRA accounts are added together and insured up to \$250,000.



EXAMPLE ON MAXIMIZING COVERAGE

The following example shows how a family of four (Mother Jane, Father Tom, and two children Bobby and Charlotte) can maximize share insurance coverage.

Account Title	Amount of coverage
Single account of Jane	\$250,000
Single account of Tom	\$250,000
Joint account of Tom and Jane	\$500,000
IRA for Jane	\$250,000
IRA for Tom	\$250,000
Tom, POD for Bobby and Charlotte	\$500,000
Jane, POD for Bobby and Charlotte	\$500,000
TOTAL:	\$2,500,000.00



CONCLUSION

If you need additional assistance, please visit our website at www.NCUA.gov or contact NCUA's Consumer Assistance Center between 8 a.m. and 6 p.m. (EDT) at 1-800-755-1030, press 1 for share insurance questions.

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