



Low-Income Designation Fact Sheet

What is the low-income designation?

Low-income designation (LID) is a classification for credit unions that meet certain membership criteria. The classification entitles these credit unions to legislated benefits. A federal credit union qualifies for LID when a majority of its membership (50% + one member) qualifies as Low-Income Members¹.

Why is being a LID important?

LID credit unions have access to benefits unavailable to non-LID credit unions. These benefits are designed to help the credit unions serve members recognized to have challenges accessing mainstream financial products and services. Refer to chart on the back of this page for a comparative summary of LID benefits.

How does a credit union become a LID?

NCUA will periodically evaluate federal credit unions, through an analysis of member addresses, during the credit union's regular examination. NCUA's Office of Consumer Protection (OCP) will notify such credit unions that qualify. For federally insured state credit unions, the designation and analysis is performed by the applicable state supervisory authority in compliance with State, then Federal, regulations.

Does our credit union have to become a LID?

No. The decision to become a LID is voluntary. A credit union may notify NCUA it accepts the designation after receiving notice of its qualification.

I'm concerned about our credit union members being labeled "low-income".

We hear this concern a lot from credit union officials. However, if the majority of your members are low-income, your credit union probably needs more support to meet their needs. Availing your credit union of the full range of benefits to help meet your members' needs is responsive and, we think, a good business decision. Again, the decision is yours.

My credit union didn't receive a LID notice, but I believe we qualify, can we receive consideration?

Yes. A federal credit union that does not receive notice from NCUA but believes it qualifies may submit information to the OCP to demonstrate its eligibility. For example, the credit union may provide actual member income from a statistically valid sampling of loan applications or surveys to demonstrate a majority of their membership is low-income. OCP will notify the credit union of its decision.

¹ "Low-income members" includes members with a family income 80% or less than the median family income for the metropolitan area where they live or national metropolitan area, whichever is greater. Members enrolled as students in a college, university, high school, or vocational school also qualify. For the full definition, refer to NCUA Rules and Regulation 701.34.



Low-Income Designation Fact Sheet (Continued)

Comparison between a LID and non-LID

Primary benefits – eligible to:

- ✓ Accept non-member deposits from any source.
- ✓ Offer secondary capital accounts.
- ✓ Receive exemption from the aggregate loan limit for member business loans (MBLs).
- ✓ Apply for grants and low-interest loans from NCUA.

Additional benefits - eligible to:

- ✓ Receive consulting services from NCUAs Office of Small Credit Union Initiatives (OSCUI)
- ✓ Provide transactional services to non-members such as money orders, remittances, and check-cashing.
- ✓ Access resources of other federal government agencies and non-profits with lower barriers.

LID Credit Unions	Non-LID Credit Unions
Yes.	No, access to non-member deposits is restricted.
Yes.	No.
Yes.	Only under limited circumstances. Otherwise, MBL limited to lesser of 1.75 times NW or 12.25% of assets.
Yes.	No.
Yes.	Limited to credit unions: <ul style="list-style-type: none"> • < \$10 million in assets, • < 10 years old, or • proposed charter groups.
Yes.	No.
Yes.	No.

For more information, consult:

Online:

- [NCUA Release: "Matz: 'NCUA Expands Small Business Access to Capital'"](#)
- [Frequently Asked Questions on Low Income Credit Union Eligibility and Designation](#)
- [NCUA Rules and Regulations Section 701.34](#)

NCUA Offices:

- Office of Consumer Protection: dcamail@ncua.gov; 703-518-1150
- Office of Small Credit Union Initiatives: oscuimail@ncua.gov; 703-518-6610
- Your NCUA regional office or examiner