

# NCUA Share Insurance

The National Credit Union Administration (NCUA) operates the National Credit Union Share Insurance Fund (NCUSIF) to protect accounts at federally insured credit unions, including State Employees' Credit Union, by insuring member deposits up to \$250,000 (and more, through different account ownerships). This insurance coverage is automatic and is provided at no additional member cost.

## ***What is NCUA?***

NCUA is an independent United States Government agency that insures the deposits of credit union members. NCUA examines, supervises and insures both federally chartered and qualifying state-chartered credit unions nationwide. NCUA is managed by the National Credit Union Administration Board (NCUA Board). As a component of NCUA, the NCUSIF was established by Congress on October 19, 1970 to insure member accounts. NCUSIF is also managed by the NCUA Board.

## ***What is the basic share insurance coverage?***

The basic insured amount for a Credit Union member is \$250,000. Members can increase this coverage by maintaining accounts in different rights, capacities or ownership types.

## ***What types of accounts are insured?***

All types of SECU accounts are insured, including share accounts, FAT CAT<sup>®</sup> share accounts, Zard<sup>®</sup> share accounts, Summer Cash accounts, Holiday Cash Club accounts, Salary Advance Cash accounts, Individual Retirement Accounts (IRAs), Coverdell Education Savings Accounts (CESAs), Simplified Employee Pension IRAs (SEP IRAs), Health Savings Accounts (HSAs), dividend checking accounts, non-dividend checking accounts, CashPoints<sup>®</sup> Global accounts, money market share accounts, Receipt and Agreement accounts, and Share Term Certificates (STCs).

## ***Is there a fee for obtaining share insurance?***

No. Members of an insured credit union do not pay directly for share insurance protection. Credit unions invest with NCUSIF based on the total amount of insured account balances. Each credit union is required to maintain 1% of its insured shares in the Fund.

## ***If a member has more than one individual account in the Credit Union, is each account insured to \$250,000?***

No. Individual accounts held by the same member are added together and insured up to \$250,000.

## ***If two or more people, such as spouses, have a joint account as well as their own individual accounts, is each account separately insured?***

Yes. A person's interest in joint accounts is insured separately from individual accounts up to \$250,000. However, the insurance protection on joint accounts is not increased

by rearranging the names of the owners, changing the style of names or by establishing more than one joint account for the same combination of owners.

***If a person has an interest in more than one joint account, what is the extent of the insurance coverage?***

A person holding an interest in more than one joint account may receive a maximum of \$250,000 insurance coverage on his or her total interest in those joint accounts.

***What share insurance coverage is provided for IRAs?***

IRAs are insured separately from the member's other Credit Union accounts. However, traditional, Roth and SEP IRAs will be added together and insured up to \$250,000.

***What share insurance coverage is provided for Payable on Death (POD) and Revocable Living Trust (RLT) accounts?***

For insurance purposes, POD and RLT accounts are considered revocable trust accounts.

- Revocable trust accounts with five or fewer beneficiaries are insured for the owner up to \$250,000 per beneficiary without regard to each beneficiary's proportional interest.
- Revocable trust accounts with six or more beneficiaries are insured up to the greater of \$1,250,000 total or the aggregate amount of all beneficiaries' interest, limited to \$250,000 per beneficiary.

The funds in such accounts are insured separately from any other individual accounts of the owner.

***What share insurance coverage is provided for irrevocable trust accounts?***

All trust interests created by the same grantor for the same beneficiary are added together and insured up to \$250,000. This will include any beneficiary's interest in Coverdell Education Savings Accounts (Coverdell ESAs) created by the same grantor. If each beneficiary's interest can be determined without regard to contingencies in the trust document, the irrevocable trust accounts may qualify for up to \$250,000 coverage per beneficiary. Members should consult their attorneys for more information about their specific trust document.

***What share insurance coverage is provided for Coverdell ESAs?***

All funds in Coverdell ESAs established by the same depositor for the same beneficiary are added to funds in any irrevocable trust accounts created by the same grantor for the same beneficiary and insured up to \$250,000.

***What share insurance coverage is provided for Health Savings Accounts (HSAs)?***

If the owner of an HSA designates a natural person, charity or other non-profit organization as beneficiary, the funds in the account will be added to funds in revocable trust accounts and insured up to \$250,000. If the owner does not designate a natural person, charity or other non-profit organization as the beneficiary, the funds are added to the owner's individual accounts and insured up to \$250,000.

***What share insurance coverage is provided for estate accounts?***

Funds in an estate account are insured separately from the individual funds of the personal representative (for example, executor or administrator) and the individual funds of the estate's beneficiaries. Funds in an estate account are added to any individual funds of the deceased and insured up to \$250,000.

***What share insurance coverage is provided for guardian or Uniform Transfers to Minors Act (UTMA) accounts?***

The funds in all UTMA accounts and guardian accounts held for the benefit of a single minor or ward are added together and insured up to \$250,000. These accounts are insured separately from any individual accounts of the custodian, guardian, minor or ward.

***When an account has a personal agent, how is the account insured?***

If the account with the personal agent has one owner, the funds in the account are added to the funds in the owner's individual accounts and insured up to \$250,000. If the account has more than one owner, the funds in the account are added to the funds in the owners' joint accounts for insurance purposes.

***If a member has uninsured funds at SECU, does the member retain a claim against SECU for any uninsured amounts?***

Yes. After creditors' interests have been satisfied, account owners with claims for any uninsured amounts will share, pro rata, in the proceeds from the liquidation of SECU's assets with NCUA.

***Is there an easy way to calculate share insurance coverage?***

Yes. The Electronic Share Insurance Calculator (E-Calculator) through NCUA's website ([webapps.ncua.gov/ins](http://webapps.ncua.gov/ins)) is available to calculate share insurance coverage on individual accounts, joint accounts, revocable trust accounts and IRAs. No information is stored on the website or transferred over the Internet, and a copy of the report can be printed. The E-Calculator is only as accurate as the information entered, and the results are strictly advisory.

***Can retitling accounts affect a member's estate plan?***

Yes. Members should carefully consider the consequences that retitling their accounts can have on their estate plan. For example, naming Payable on Death beneficiaries or making an account joint creates a will substitute. Members may ask to speak with a Trust Representative to discuss the effect of retitling accounts.

***How does share insurance protect credit union members against loss?***

Each credit union approved for NCUA insurance must meet high standards of safety and soundness in its operations. Adherence to these standards is determined regularly through credit union examinations by federal and state examiners. If an insured credit union has financial difficulties, NCUA acts immediately to protect each member's insured accounts.

***Aside from share insurance, what measures does SECU take to ensure the safety of members' money?***

Safety and security are issues that go beyond share insurance protection. The purest measure of safety and security is the manner in which a credit union invests member savings dollars. The majority of member deposits in SECU are invested primarily with SECU members in the form of loans.

***What publications covering the operations of the NCUSIF are available?***

The NCUSIF publishes an annual report that covers the operations of the NCUSIF. This report is sent to each insured credit union and is also available from each Regional Director. The report includes financial statements and an independent audit of the Fund's records and can be found at [www.ncua.gov](http://www.ncua.gov).

***Whom should a member contact with additional questions concerning their NCUA insurance coverage?***

Members should review their accounts periodically and whenever they open new accounts or modify existing accounts to determine if their funds are insured. For additional information about NCUA insurance or assistance with reviewing accounts, visit [www.ncua.gov](http://www.ncua.gov) or contact a local branch or the Contact Center at 888-732-8562. Members may also write to the following address:

**State Employees' Credit Union  
Post Office Box 27832  
Raleigh, NC 27611**

## METHODS TO MAXIMIZE COVERAGE

The following illustrations show how typical families may use different account ownerships to increase the insurance coverage for family funds, excluding IRAs.

### **Family of Two**

Individual Accounts	Spouse #1	\$ 250,000
	Spouse #2	\$ 250,000

*Joint Accounts	Spouse #1 and Spouse #2	\$ 500,000
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Revocable Trust Accounts (RLT accounts, POD accounts, trustee accounts and certain HSAs)

Spouse #1, Payable on Death to Spouse #2	\$ 250,000
Spouse #2, Payable on Death to Spouse #1	\$ 250,000

<b>TOTAL</b>	<b>\$1,500,000</b>
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*\* Since each spouse has up to \$250,000 in insurance coverage for his or her interest in all joint accounts and they have only one joint account, this couple has up to \$500,000 in coverage for their joint account.*

### **Family of Three**

Individual Accounts	Spouse #1	\$ 250,000
	Spouse #2	\$ 250,000
	Child	\$ 250,000

*Joint Accounts	Spouse #1 and Spouse #2	\$ 250,000
	Spouse #1 and Child	\$ 250,000
	Spouse #2 and Child	\$ 250,000

Revocable Trust Accounts (RLT accounts, POD accounts, trustee accounts and certain HSAs)

Spouse #1, Payable on Death to Spouse #2	\$ 250,000
Spouse #1, Payable on Death to Child	\$ 250,000
Spouse #2, Payable on Death to Spouse #1	\$ 250,000
Spouse #2, Payable on Death to Child	\$ 250,000

<b>TOTAL</b>	<b>\$2,500,000</b>
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*\* In this example, each co-owner has two joint accounts. Therefore, each person's total interest in all joint accounts is added together and insured up to \$250,000. Spouse #1 is insured to \$250,000 on the accounts with Spouse #2 and child. Spouse #2 is insured to \$250,000 on the accounts with Spouse #1 and child. The child is insured to \$250,000 on two accounts with the parents.*

