Brought to You by Your Credit Union

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Credit Unions: Safe and Sound

In addition to their other accounts, Joe and Susan have accounts where they have designated their son and daughter as beneficiaries (payable on death), and an account where Susan has set up a living trust naming her sister and nephew as the beneficiaries upon her death. All these accounts are classified as revocable trust accounts for purposes of determining additional NCUA insurance coverage, which is based on the number of beneficiaries:

Account type	Account balance
Joe, payable on death to son and daughter	$500,000
Susan, payable on death to son and daughter	500,000
Susan in trust, with sister and nephew as beneficiaries upon her death	$500,000
Total on deposit	$1,500,000
Maximum available insurance	1,500,000
Total uninsured	$0

The self-directed retirement account—This account category includes IRAs and Keogh accounts. These accounts are insured separately from nonretirement funds, with each type insured up to $250,000 at your credit union.

Funds you own in traditional IRAs and Roth IRAs are added together and insured in the aggregate to $250,000 at your credit union. A Keogh account is insured separately up to $250,000.

Joe has these retirement accounts:

Account type	Account balance
Roth IRA	$12,000
Traditional IRA	190,000
Keogh	$100,000
Total on deposit	$302,000
Maximum available insurance for IRAs	250,000
Maximum available insurance for Keoghs	250,000
Total uninsured	$0

Other safeguards

In addition to federal share insurance, you have other safeguards. First, your credit union operates with a safety net of capital—its undivided earnings and other reserves—that helps weather temporary setbacks. Your credit union also maintains an "allowance for loan losses," which provides an additional cushion to anticipate losses when some members fail to repay loans. And your credit union is examined regularly by federal and/or state regulators to make sure it is engaged in safe and sound operations.

The full faith and credit of the United States government stands behind NCUA and assures that your insured funds will be paid out to you. When you see NCUA's logo (below left) at your credit union, you know you can rest easy.

Place Your CU logo here

Imprint area 2.75" x .75"

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

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In an uncertain economy, one thing you can be certain of is that your money is safe at your credit union. The federal government has increased insurance coverage on your credit union accounts to at least $250,000.

Savings in every federally insured credit union are backed by the National Credit Union Administration (NCUA) with money in a fund maintained by the U.S. Treasury. Federal insurance protects your money at your credit union in share savings, share draft/checking, money market, share certificate, trusts, and retirement accounts.

And your funds in a federally insured credit union can be insured to a level much higher than $250,000. For instance, jointly owned accounts and accounts with named beneficiaries are insured separately, up to at least $250,000 (and in many cases much more), depending on the structure of the accounts. IRAs (individual retirement accounts) and Keogh accounts are also separately insured up to $250,000. The summary boxes illustrate coverage limits for various accounts.

The full faith and credit of the U.S. government stands behind your insured funds.

Your money is just as safe at your credit union as it is at a federally insured bank. The NCUA's coverage for credit unions is the same as the Federal Deposit Insurance Corporation's (FDIC) coverage for banks. Both funds are backed by the full faith and credit of the U.S. government. And, federal insurance coverage applies separately at each credit union and at each bank where you have your money.

So it's important to understand that, depending on the types of accounts you have in the credit union and whether you list beneficiaries, you can have more than $1 million in share insurance coverage. These examples show how this works.

Single ownership accounts—All the accounts you own individually in your name in the credit union—whether the funds are in your share draft/checking account, savings account, or certificates—are added together and insured by NCUA up to $250,000. Included in this aggregate calculation are all accounts established by others for your benefit (such as a custodial account) and any account you have as a sole proprietorship business (that is, where you haven't set up a corporation or a legal partnership).

Susan's single accounts in her name only:

Account type	Account balance
Share savings	$100,000
Share certificate(s)	75,000
Checking	7,000
Money market	$85,000
Total on deposit	$267,000
Maximum available insurance	250,000
Total uninsured	$17,000

Joint ownership accounts—NCUA insures funds in joint ownership accounts—those owned by two or more individuals—separately from funds in single ownership accounts, as long as:

• Co-owners are individuals (corporations or partnerships are not eligible).

• Co-owners have equal withdrawal rights and no dollar withdrawal limits.

• Each co-owner has signed the deposit account signature card.

Unless stated on the deposit account records, each co-owner's share of the account is equal in calculating insurance coverage.

Each individual's interests in all joint accounts at the credit union are added together and insured up to $250,000.

In addition to her own accounts, Susan and husband Joe have these joint accounts:

Account type	Account balance
Share savings	$40,000
Share certificates	275,000
Checking	6,000
Money market	55,000
Total on deposit	$376,000
Maximum available insurance on these jointly owned accounts—up to $250,000 for Susan and up to $250,000 for Joe	500,000
Total uninsured	$0

So Susan has up to $250,000 insurance coverage on the funds she owns in her own name and up to an additional $250,000 insurance coverage for the joint accounts she owns with her husband—or any other person.

Revocable trust account (such as payable-on death, living trust, or testamentary accounts)—NCUA separately insures up to $250,000 for each beneficiary on accounts where the depositor indicates that upon his or her death, funds will be owned by one or more beneficiaries. The owner may name any natural person, charitable organization, or nonprofit entity (as defined by the IRS) as a beneficiary to this type of account.

To figure account coverage, each account is insured up to $250,000 per owner for each named beneficiary. Revocable trust accounts with five or more beneficiaries and containing more than $1,250,000 are subject to special coverage calculations, which you should discuss with someone at your credit union.

For deposit insurance purposes, the Coverdell Education Savings Account is treated as an irrevocable trust account. Thus, your Coverdell funds will be added with your other irrevocable trust account funds and insured separately up to $250,000. ▶