



The Benefits of Federal Share Insurance for Credit Unions

The National Credit Union Share Insurance Fund (NCUSIF) is a U.S. Treasury revolving fund managed by the National Credit Union Administration (NCUA). Of the nearly 10,000 credit unions in the U.S., more than 97 percent are covered by the NCUSIF, which is backed by the full faith and credit of the U.S. government.

Geographic Area. NCUSIF coverage is provided in all 50 states, Guam, Puerto Rico and the Virgin Islands. All federally-chartered credit unions regardless of location must be insured by the NCUSIF. Only eight states and Puerto Rico allow state-chartered credit unions to carry private primary share insurance.

U.S. Government Backing. The NCUSIF, with more than \$5 billion in equity, is financially strong and uniquely positioned to insure the money credit union members have placed in federally-insured credit unions. In addition to its \$5 billion equity, the NCUSIF is backed by the full faith and credit of the U.S. government. There is simply no stronger backing in the world.

Cost of Coverage. Insured credit unions maintain a deposit equal to one percent of their insured shares and deposits in the NCUSIF. The NCUSIF has paid \$622 million in dividends on these deposits since 1995 to NCUSIF-insured credit unions. It has not been necessary to charge a premium since 1992.

Supervision. Federal credit unions are subject to NCUA supervision. State-chartered credit unions with NCUSIF coverage are subject to state supervision, but are also monitored by NCUA. This regular examination and supervision process helps ensure the safety and soundness of federally insured credit unions.

Insurance Coverage. The basic insured amount for a credit union member is \$100,000. Share accounts maintained in different rights or capacities, or forms of ownership, may each be separately insured up to \$100,000 with properly completed account applications.

For example, a family of four may have up to \$1.8 million in NCUSIF coverage:

Individual Account of Husband	\$100,000
Individual Account of Wife	\$100,000
Individual Account of Child #1	\$100,000
Individual Account of Child #2	\$100,000
Joint Tenancy Account of Husband and Wife	\$100,000
Joint Tenancy Account of Husband and Child #1	\$100,000
Joint Tenancy Account of Wife and Child #2	\$100,000
Joint Tenancy Account of Child #1 and Child #2	\$100,000
Testamentary Revocable Trust Account with Husband as Trustee for Wife	\$100,000
Testamentary Revocable Trust Account with Wife as Trustee for Husband	\$100,000
Testamentary Revocable Trust Account with Husband as Trustee for Child #1	\$100,000
Testamentary Revocable Trust Account with Wife as Trustee for Child #1	\$100,000
Testamentary Revocable Trust Account with Husband as Trustee for Child #2	\$100,000
Testamentary Revocable Trust Account with Wife as Trustee for Child #2	\$100,000
Individual Retirement Account of Husband	\$100,000
Individual Retirement Account of Wife	\$100,000
Individual Retirement Account of Child #1	\$100,000
Individual Retirement Account of Child #2	\$100,000

The above example is provided for illustrative purposes only. Certain accounts may be subject to the laws and regulations of other federal agencies.

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Saginaw Municipal Employees Credit Union Share Account Insurance

Our Credit Union has a strong commitment to the protection of your deposits. Property insurance is maintained to guard against losses by fire and theft. Security cameras and anti-theft measures have been installed, and as required by law, annual reserves are set aside for additional protection.

The National Credit Union Administration insures your deposits up to \$100,000 (and more, through multiple account ownership). This insurance coverage is automatic and is provided at no additional cost to you. Insurance coverage by NCUA is provided on all types of deposit accounts.

What is the NCUA?

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

What is the basic NCUA insurance coverage?

The basic insured amount for each credit union member is \$100,000. Accounts maintained in different rights, capacities or forms of ownership may each be insured to \$100,000.

What types of accounts are insured?

All types of member accounts are insured, including IRAs, Shares, Share Certificates, and Checking accounts. IRAs are insured separately, for an additional coverage limit of \$100,000.

Is there a fee for obtaining federal insurance?

No. As a member of an insured credit union, you 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. The NCUSIF ratio of equity to insured shares and deposits is between 1.23% and 1.30%.

If a member has more than one individual account in the Credit Union, is each account insured to \$100,000?

No. **Individual** accounts held by the same member are added together and are insured up to \$100,000.

If two or more people, such as a husband and wife, each have a joint account, as well as their own individual accounts, is each account separately insured?

Yes. Joint accounts are insured separately from individual accounts up to a maximum of \$100,000. However the total 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 member has an individual account and a trust account, (which lists the member as the trustee for a separate beneficiary) are both accounts insured separately?

Yes, while the member has control of the funds in both accounts, they are established in different capacities. Both are insured up to \$100,000.

How does NCUA insurance protect the Credit Union member 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 gets into financial difficulties, NCUA acts immediately to protect each member's share account.

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 \$100,000 insurance coverage on the total interest in those joint accounts. Actual coverage is determined as follows.

Step 1 - All joint accounts owned by the same combination of individuals are added together and are insured up to \$100,000. Step 2 - The person's insured interest in each remaining joint account (those owned by different combinations of individuals) are added together and insured to \$100,000 less the person's interest under Step 1.

Are accounts held by a person as executor, administrator, guardian, custodian, or in another similar fiduciary capacity, insured separately from an individual account?

Yes. If the records of the Credit Union indicate that the person is depositing the funds in a fiduciary capacity, such funds would be separately insured from the fiduciary's individually owned account. Funds in accounts held by guardians, conservators or custodians, (whether court-appointed or not) are insured separately from other accounts of the ward.

When an account is designated as held by a person as agent for the owner of the funds, how is the account insured?

The account is insured as an account of the principal or true owner. The funds in the account are added to any other accounts owned by the true owner and the total is insured to the basic insured amount of \$100,000.

If a member has more than \$100,000 in a closed insured credit union, does the member retain a claim against the credit union for any amount in excess of the \$100,000 insurance?

Yes. After creditors' interests have been satisfied, owners of account claims in excess of \$100,000 will share, pro rata, in the proceeds from the liquidation of the Credit Union's assets with NCUA.

What publications covering the operations of the NCUSIF are available?

The NCUSIF publishes both Annual and Semi-Annual Reports, which cover the operations of the NCUSIF. These reports are sent to each insured credit union and are also available from each Regional Director. These reports include financial statements and an independent audit of the Funds records.

Whom should I contact if I have additional questions concerning NCUA insurance?

Feel welcome to visit or call our office to make an inquiry about federal insurance, or you may write us at:

Saginaw Municipal Employees Credit Union

1011 N. Michigan Ave. Saginaw, MI. 48602

or, visit us online; www.smecu.com