

# Insurance for Retirement Accounts Increases

The **National Credit Union Administration** (NCUA) has issued an interim final rule to implement a statutory increase to \$250,000 in the federal share insurance coverage for certain retirement accounts, effective April 1. The **Federal Deposit Insurance Company** (FDIC) approved final rules to accomplish the same thing with the same effective date of April 1. The basic insurance coverage for other deposit accounts, however, will remain at \$100,000 for both agencies. The increase is the first for either agency in more than 25 years. There was no 30 days waiting period because in this case regulators believed it would be contrary to the public interest and that good cause exists for waiving the delayed effective date.

Both the NCUA and the FDIC will accept comments until May 22. The rules also state that there is a pass-through coverage to each participant of an employee benefit plan who is a member of the credit union, but, as required by the new law, it limits the acceptance of shares in employee benefit plans to insured credit unions that are well-capitalized or adequately capitalized. The NCUA coordinated the change with the FDIC.

Under the FDIC's new rules, up to \$250,000 in deposit insurance will be provided for the money a consumer has in a variety of retirement accounts, primarily traditional and Roth IRAs at one insured institution. Keogh accounts, "457 Plans" for state government employees, and employer-sponsored "defined contribution Plan" accounts that are self directed are included.

The two agencies will work together again every five years, starting in 2010 to consider an increase in the insurance limits on all deposit accounts (including retirement accounts).

The FDIC is committed to help consumers, bankers and others understand how the new law affects deposit insurance coverage and to help the public determine if certain accounts are fully insured. The FDIC has the following resources available.

- Reports in *FDIC Consumer News*, including one that was issued on March 15. It provides a summary of the higher coverage. The publication can be found at <http://www.fdic.gov/consumers/consumernews/special/index.html>. The next quarterly issue of *FDIC Consumer News* (Spring 2006) will provide even more details.
- Information on deposit insurance on the FDIC Web site. Updated brochures and a new version of the "Electronic Deposit Insurance Estimator" (EDIE) will be available at <http://www.fdic.gov> on Monday, April 3.
- A toll-free consumer assistance line: help and information will be available at 1-877-ASK-FDIC (1-877-275-33420 Monday through Friday, 8:00 a.m. to 8:00 p.m. Eastern Time).
- Responses to letters: Questions may be e-mailed to the FDIC using the agency's Customer Assistance form at <http://www2.fdic.gov/starsmail/index.asp> or a letter to the FDIC, Division of Supervision and consumer protection, 550 17<sup>th</sup> Street, N. E. Washington, DC 20429-9990.

The NCUA is currently in the process of updating *Your Insured Funds* brochure, *Benefits of Federal Share Insurance* brochure, and the Share Insurance Estimator on the Web site. These documents will answer many questions. The Agency will issue a rule concerning changes to the official NCUA insurance sign in the future.

The changes were part of the law *Deficit Reduction Act of 2005*, Title II, Subtitle B, that President Bush signed earlier this year. It includes a provision to merge the BIF (Bank Insurance Fund) and SAIF (Savings Association Insurance Fund) into one fund known as the Deposit Insurance Fund (DIF). This merger will be effective no later than July 1, 2006.