



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

LS/HMU:cch
3500
August 8, 1985

Robert E. Harroun, III, Esquire
General Counsel
Office of the Legislative Auditor
State of Louisiana
Baton Rouge, LA 70804-4397

Dear Mr. Harroun:

This is in response to your telephone conversations with and letter of April 3, 1985, to Hattie Ulan of this Office, concerning National Credit Union Share Insurance Fund ("NCUSIF") coverage of nonmember participant funds in a deferred compensation plan where the funds are maintained in a Federal credit union.

Section 745.9-3 of the NCUA Rules and Regulations (12 C.F.R. §745.9-3) establishes the NCUSIF share insurance coverage of member participants' funds in a deferred compensation plan. The regulation provides as follows:

Funds deposited by an employer pursuant to a deferred compensation plan shall be insured up to \$100,000 as to the interest of each plan participant who is a member, separately from other accounts of the participant or employer.

In most instances, nonmember participant funds in a deferred compensation account would not be insured. Under limited circumstances, if the deferred compensation plan is established as a trust (according to the materials you submitted, this does not appear to be the case) insurance coverage may be available up to \$100,000 in the aggregate for nonmember participants if the settlor of the trust is a member of the FCU.

I hope that we have been of assistance. If you have any further questions, please contact Hattie Ulan of this office.

Sincerely,

STEVEN R. BISKER
Assistant General Counsel

FIDA file: Vol II, C. Insurance Coverage
Vol I, F. Deferred Comp Plan