



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

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1/14/86

OFFICE OF GENERAL COUNSEL

Carolyn M. Farren, Esquire  
Greene, Kelley and Tobriner  
10 United Nations Plaza, Suite 220  
San Francisco, CA 94102

Dear Ms. Farren:

This responds to your letter dated October 9, 1985, to this Office concerning the share insurance coverage for revocable trust accounts.

According to your letter, a husband and wife have established a revocable living trust with each of them being a settlor, trustee, and beneficiary of the trust. They each have placed their individual monies into the trust. They propose to establish two trust accounts, identically named: John Jones and Jane Jones, Trustees of John Jones and Jane Jones 1985 Trust. In order to receive separate insurance coverage (apart from the coverage on the owner's (settlor's) other accounts at the credit union), the named beneficiary(ies) must be a spouse, child or grandchild of the settlor. See Section 745.4 of the NCUA Rules and Regulations (12 C.F.R. §745.4).

In the situation described, the trust accounts will have the husband and wife as the joint settlors (owners) with the husband and wife as the named beneficiaries. If two such accounts are established at the credit union with \$100,000 in each account, with identical settlors and beneficiaries, the accounts would first be added together for insurance purposes. Next, the relationship between the settlors and beneficiaries would be examined. In this case, \$100,000 coverage would be afforded to the husband as beneficiary of the wife (as settlor) and \$100,000 coverage would similarly be received by the wife as beneficiary of the husband (as settlor). In total there would be \$200,000 of insurance coverage on the accounts as described.

I hope we have been of assistance. If you have any additional question, please let me hear from you.

Sincerely,

STEVEN R. BISKER  
Assistant General Counsel

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