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NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

July 28, 1988

Office of General Counsel

Mr. Joseph H. Bridges
Vice President - Finance
Tower Federal Credit Union
Box 123
Annapolis Junction, MD 20701

Re: Insurance of accounts (Your April 7, 1988,
letter)

Dear Mr. Bridges:

Your Credit Union, which does not allow a husband and wife to have individual accounts and a joint account, offers members a "co-owner" account which requires a single "primary owner," and permits "co-owners." The "primary owner" and all "co-owners" must sign an account signature card and all signatories have equal withdrawal rights. For NCUA insurance purposes, these accounts will be treated as joint accounts.

Section 745.8(b) of NCUA's Rules and Regulations [12 C.F.R. §745.8(b)] provides:

Joint accounts are insured separately from individual accounts up to a maximum of \$100,000 provided that each of the co-owners has personally signed an account signature card and has a right of withdrawal on the same basis as the other co-owners.

Section 745.8(d) of the Regulations [12 C.F.R. §745.8(d)] provides:

Same combination of individuals.
All joint accounts owned by the

FCA

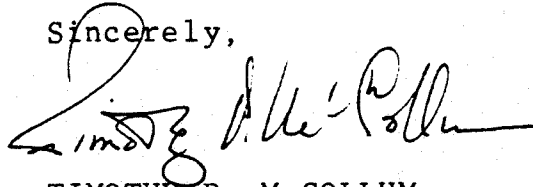
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same combination of individuals shall be added together and insured up to \$100,000 in the aggregate.

As noted in your letter, and as illustrated in Example F3 of the Appendix, if a husband has his wife as co-owner on his account and the wife has her husband as co-owner on her account, the result is two joint accounts with the same combination of individuals. The two accounts would be added together and insured for a maximum of \$100,000.

This result is not contrary to the principle that each member should expect \$100,000 of insurance. Insurance on joint accounts is in addition to and separate from the insurance available on individual accounts. A husband and wife can receive a total of \$500,000 coverage by establishing two individual accounts; two payable on death accounts (each for the benefit of the other); and one joint account. The fact that a husband and wife together will only receive a total of \$100,000 on their "co-owner" accounts is due to your credit union's policy of not permitting individual accounts.

Sincerely,



TIMOTHY P. McCOLLUM
Assistant General Counsel

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