



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

GC/MM:sg
SSIC 4062
89-1131

Office of General Counsel

January 3, 1989⁹⁰

Mr. Daniel P. Bradley
DM Federal Credit Union
P.O. Box 15115
Tuscon, Arizona 85708

Re: Reimbursement of employee's spouse's expenses
(Your November 27, 1989, Letter)

Dear Mr. Bradley:

You have asked us whether a Federal credit union (FCU) can pay for the expenses of an employee's spouse when the spouse accompanies the employee on a credit union business trip. The answer is yes, but see explanation below.

ANALYSIS

You have asked whether a Federal credit union can pay for a spouse's expenses when the spouse of an employee accompanies the employee on a credit union business trip. We have previously stated that such reimbursement is not permitted for noncompensated officials (directors and committee members) of an FCU. (See enclosed letter.) However, the analysis for employees is not the same since the prohibition on compensation is not an issue. As long as the reimbursement is part of the employee's compensation package, there is no legal objection to engaging in this type of practice. Any safety and soundness considerations will be addressed by your NCUA examiner. Before you engage in this practice, it is important for you to note that there are issues involving the Internal Revenue Service that you should consider, e.g., the reimbursement is taxable income.

Sincerely,

Hattie M. Ulan

HATTIE M. ULAN
Associate General Counsel

Enclosure

FOIA

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