



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

November 4, 1991

Jim Summers
Sumter Area
Operations Manager
SAFE Federal Credit Union
P.O. Box 2008
Sumter, SC 29151-2008

Re: Payable-on-Death (POD)
Account Records (Your Letter
of August 28, 1991)

Dear Mr. Summers:

You requested an opinion regarding whether the title on an account must note that it is a POD account when the credit union maintains a separate "POD Designation" form pertaining to such accounts. We did not receive your request from the regional office in Atlanta until October 9, 1991. As long as the "POD Designation" form is maintained as an account record of the credit union, it should be sufficient to classify the account as a POD account for National Credit Union Share Insurance Fund ("NCUSIF") purposes.

BACKGROUND

SAFE FCU permits members to complete a "POD Designation" form for any deposit account other than special accounts such as individual retirement accounts, custodial and trust accounts. The POD designation is not documented in any other way, including the title of the accounts. In pertinent part, the "POD Designation" form reads:

I hereby designate account number _____, suffix _____, as payable on death funds. As that term is defined under South Carolina law, to be paid only in the event of all the following person(s) designated as original payee(s),

Jim Summers
November 4, 1991
Page 2

Primary Owner _____
Joint Owner _____
Joint Owner _____
being deceased, and the following person(s) design-
ated as POD payee(s)
Payee 1 (Percentage, Social Security Number, Name,
Telephone and Address Information)
Payee 2 (Percentage, Social Security Number, Name,
Telephone and Address Information)
Payee 3 (Percentage, Social Security Number, Name,
Telephone and Address Information)

The "POD Designation" form concludes with the notarized or
witnessed signatures of the account owners.

ANALYSIS

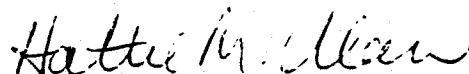
Section 745.2 of the NCUA Rules and Regulations states in
pertinent part: "[t]he account records of the insured credit
union shall be conclusive as to the existence of any rela-
tionship pursuant to which the funds in the account are de-
posited and on which a claim for insurance coverage is
founded." 12 C.F.R. §745.2(c)(1). Furthermore, the NCUSIF
permits account relationships which may be the basis for ad-
ditional share insurance to be ascertainable "either from the
records of the credit union or of the member maintained in
good faith and in the regular course of business." 12 C.F.R.
§745.2(c)(2). From your representations, it seems that the
"POD Designation" form is a credit union account record that
may serve as the basis of additional NCUSIF share insurance.
However, the NCUA considers it better practice for account
classifications to be noted in the account title on the ac-
count signature card, computer entries and other pertinent
records of a credit union. This information assists the liq-
uidating agent of an insured credit union in determining
share insurance claims of a liquidating credit union. Clear
recordkeeping is essential.

A POD account is treated as a testamentary account for NCUSIF
share insurance purposes. 12 C.F.R. §745.4(a). Therefore,
only if the named beneficiary(ies) of the POD account is a
spouse, child, or grandchild of the owner, will the account
be insured up to \$100,000 in the aggregate for each such
beneficiary separately from any other accounts of the owner

Jim Summers
November 4, 1991
Page 3

or beneficiary, regardless of the membership status of the beneficiary. 12 C.F.R. §745.4(b). If the named beneficiary of a testamentary account is other than the owner's spouse, child, or grandchild, the funds in such account shall be added to any individual accounts of such owner and insured up to \$100,000 in the aggregate. 12 C.F.R. §745.4(c). We note that if the facts or law changes that this determination should be reviewed again.

Sincerely,



Hattie M. Ulan
Associate General Counsel

91-1008
SSIC 7000
GC/MEC:sg

cc: Allen Carver, Region III Director