

December 19, 1997

Debbie France, IRA Coordinator
Eastman Credit Union
P.O. Box 1989
Kingsport, Tennessee 37662

Re: Insurance Coverage of Individual Retirement Accounts, Your letter dated September 3, 1997.

Dear Ms. France:

You have asked the amount of insurance coverage that would be available to a member who has an individual retirement account (IRA) established in his name and is also the beneficiary of his deceased wife's IRA, where both IRAs are maintained at Eastman Credit Union. Each IRA would receive \$100,000 of separate insurance coverage.

Section 745.9-2 of NCUA Rules and Regulations provides that the present vested ascertainable interest of a member or designated beneficiary of an IRA shall be insured separately from other accounts of the member or beneficiary. Where a member or beneficiary has a present vested ascertainable interest in more than one IRA account maintained at the same credit union, the member's or beneficiary's interest in each IRA will be aggregated together and insured up to a maximum of \$100,000. The Internal Revenue Code, however, recognizes the continued existence of a member's IRA account after the death of the member. 26 U.S.C. §408(a)(6); 26 U.S.C. §401(a)(9). Thus, our position is that the death of a member does not change the insurance coverage of the member's IRA provided the account remains in the name of the deceased member and is not combined with any other account.

In the case presented, your member's IRA was insured separately from his wife's account prior to her death. Your member's IRA continues to receive \$100,000 of separate insurance coverage from the wife's IRA, after her death, if the wife's IRA is maintained in her name and is not combined with an account of the member.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/NSW:bhs / SSIC 8000 / 97-0923