

December 16, 1997

Arlene Rudin, Chief Executive Officer  
Central Credit Union  
107-14 71st Road  
Forest Hills, NY 11375-4719

Re: Simplified employee pension accounts  
Your letter dated October 9, 1997

Dear Ms. Rudin:

You asked how a simplified employee pension (SEP) account is insured by the National Credit Union Share Insurance Fund (NCUSIF). A SEP is defined in I.R.C. §408(k) as "an individual retirement account" (IRA) meeting certain statutory requirements. As a type of IRA, a SEP is insured like an IRA under §745.9-2 of NCUA's regulations. 12 C.F.R. §745.9-2.

In your example, a member has \$100,000 in an IRA with your credit union and \$100,000 in a SEP account at another institution. The member would like to move the SEP account to your credit union. This would leave \$100,000 uninsured. SEPs and IRAs at one institution are combined for purposes of NCUSIF account insurance and would be insured up to \$100,000 in the aggregate for both accounts.

Sincerely,

Sheila A. Albin  
Associate General Counsel

GC/MS:sg  
SSIC 7000  
97-1056

cc: Region I