

February 4, 1998

Michael J. Lord, Senior Vice President
State Employees Credit Union
1000 Wade Avenue
P.O. Box 26807
Raleigh, NC 27611-6807

Re: Insurability of Member Deposits, Your letter dated November 26, 1997.

Dear Mr. Lord:

You have asked whether member funds deposited into a Money Market Share Retirement Account are insured up to \$100,000 per member. As explained below, the answer is yes.

The federal credit union (FCU) has established a 401k plan for its employees. The FCU's board of directors and President are the trustees of the plan. As of January 1, 1998, Fidelity Investments will be managing the plan. Employees may continue to invest in the FCU's Money Market Share Account or invest in several, new, mutual fund options. On behalf of the trustees, Fidelity Investments will keep records of each member's balance in the FCU's Money Market Share Account. Each member will be insured up to \$100,00 if the trustees can document, through records maintained in the ordinary course of business by Fidelity Investments, the total amount of the member's vested interest and that the members' interests are segregated. 12 C.F.R. §745.9-2.

As you are aware, any funds that employees decide to invest in mutual funds through Fidelity Investments would no longer be federally insured.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/MFR:bhs
SSIC 3000
97-1213