

From: [George MacDonald](#)
To: [Regulatory Comments](#)
Subject: Risk Based Capital
Date: Friday, May 02, 2014 2:43:09 PM

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To the NCUA Board:

I am opposed to the RBC rule as it stands currently.

My main concern about the RBC rule is that the rule assigns risk to our investments. Our investments are made up solely of insured deposits at NCUA or FDIC insured financial institutions. Almost all of our \$92.0 million is invested in terms of 2 years or less. We only have \$249,000 in a certificate that is longer than 3 years. All certificates are fixed rate, there are no callable features or any other features that can affect the collectability of the certificate. Almost all of the investments are made through Qwickrate or National CD Rateline. We do not have any brokered certificates. We also have software that makes sure we do not invest in one FI for more than the insured limit. If the government is still functioning, our certificate investments will be honored at maturity, even if the FI isn't. Penalties for early withdrawal are mainly loss of interest, not investment. Therefore the risk is negligible and should be treated as such in NCUA's RBC calculations. The RBC calculator indicates that of the \$92.0 million in investments, the risk amount is \$22.8 million. This number should be zero or very close to zero to reflect the true risk in our investment portfolio.

Another concern I have about the proposal is how the RBC ratio will be calculated. Provided the ratio is calculated using existing information provided in the Call report, I have no problem with the proposal. I do not believe credit unions should be forced to provide more information or take more time to supplement existing information for these calculations. The amount of time we spend already for regulations that make no difference to the consumer, credit union, legislators or regulators is very burdensome and continues to increase every year. Please do not add more reporting to an already overburden load to comply with this new regulation. The new rule will only affect 200 credit unions, as pointed out in your video. If all credit unions have more reporting responsibility, then you are incorrect in your allegation. This regulation will affect all 6,000 + credit unions adversely.

Sincerely,

George MacDonald
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