

NCUA Deposit Insurance for Attorney Trust Accounts

On December 18, 2014, President Obama signed into law the Credit Union Share Insurance Fund Parity Act creating deposit insurance parity for credit unions by directing the National Credit Union Administration to extend share insurance coverage to trust accounts such as IOLTA and other similar accounts. This means that each client's funds held in a pooled attorney trust account can now be insured up to the maximum limit, generally \$250,000 per depositor per institution. New rules and regulations for this new aspect of NCUA coverage have not yet been published.

The Dodd-Frank Act, signed into law on July 21, 2010, permanently raised the standard maximum deposit insurance amount to **\$250,000**, applicable to both banks and credit unions.

Law firms are required to maintain an attorney trust account at an approved depository. Approval is given on behalf of the Supreme Court of New Jersey by the Office of Attorney Ethics when a financial institution agrees to report overdrafts and cooperate with the IOLTA program. The approval of a credit union to offer trust accounts in New Jersey does not imply an endorsement of that institution's safety and soundness. It is the law firm's responsibility to select a credit union based on financial condition, convenience and other factors.

Special Note: The law was effective immediately. Law firms and attorneys are encouraged to check the list of approved trust account depositories before proceeding to open a new account because most NJ credit unions have not yet been authorized.

This publication may add to your understanding of share account insurance available at federally-chartered credit unions: <http://www.mycreditunion.gov/protect/Pages/SI.aspx>.