

Credit Union Share Insurance now covers IOLTAs

On December 18, 2014, President Barack Obama signed the Credit Union Share Insurance Fund Parity Act, which provides insurance coverage, comparable to FDIC insurance coverage, for funds held in IOLTA accounts at federally insured credit unions.

On December 19, 2014, the National Credit Union Administration posted the following statements from Debbie Matz, Chairperson of the National Credit Union Board, on its website:

"Credit unions now have parity with banks and, effective immediately, can fully insure lawyers' trust accounts up to \$250,000 for each owner of the funds, which they could not do before. An attorney who is a member of the credit union where the trust account is opened now has a choice of financial institutions for that trust account. This enhances public confidence in both the banking and the credit union systems now that federal share and deposit insurance programs administered by NCUA and the FDIC are the same."

This new law impacts Wisconsin SCR 20:1.15(e)(2), which provides that "trust property shall be held in an account in which each individual owner's funds are eligible for insurance." In addition, the new law will require the elimination of the following language from the current Comment to that rule:

"Practitioners should exercise care when placing trust funds in an IOLTA or any other type of lawyer trust account at a credit union, because an individual owner of funds placed in any type of lawyer trust account (i.e., a client or third party) is eligible for NCUSIF insurance only if that individual owner is a member of the credit union, or if the credit union is designated by the National Credit Union Administration (NCUA) as a "low-income" credit union."

Before opening a trust account at a credit union, please review the [List](#) of IOLTA Participating Institutions on the website of the Wisconsin Trust Account Foundation (WisTAF). If the credit union does not currently appear on that list, please contact WisTAF for further information. If the credit union is a participating institution, a lawyer must provide WisTAF with an [IOLTA Agreement](#), executed by the lawyer and the credit union. In addition, the lawyer must provide OLR with an [Agreement to Notify OLR of Overdrafts](#), executed by the lawyer and the credit union.