



# Credit Union Money Market Accounts

October 2008

Recent news about some money market mutual funds having lost market value has prompted a number of questions about the insurance protection on the Credit Union's Money Market Account. There is a significant difference between the account offered by the Credit Union and money market mutual funds offered by mutual fund companies.

FAST FACTS

### *Credit Union Money Market Accounts*


Money market accounts at credit unions are considered to be another form of a depository account similar to other savings, checking, certificate and club accounts held by a member at the Credit Union. All accounts are backed by the assets of the Credit Union, not tied to a specific security or investment. Money market account balances are added to the other share balances a member has with the Credit Union and insured to legal limits by the National Credit Union Administration (NCUA; [www.ncua.gov](http://www.ncua.gov)). The signing of the *Emergency Economic Stabilization Act of 2008* by President Bush increased the insured amount from \$100,000 per insured account to at least \$250,000 effective October 3, 2008, through December 31, 2009. The increased coverage is automatic for all RTN Federal Credit Union members.

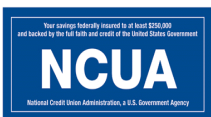
The NCUA is the federal agency that charters and supervises all federal credit unions and insures our member savings through the National Credit Union Share Insurance Fund (NCUSIF), a federal fund backed by the full faith and credit of the United States government.

The Credit Union also offers members additional protection on amounts above NCUA-insured levels by the Massachusetts Credit Union Share Insurance Corporation (MSIC; [www.msic.org](http://www.msic.org)). Members receive the additional coverage via this private insurer automatically. The total insured amount increases significantly through this combination: for example, individual accounts receive an additional \$350,000 in total coverage and joint accounts receive an additional \$1,000,000 in protection.

### *Money Market Mutual Funds (MMMF)*

Assets of an individual money market fund are tied directly to the value of the securities the individual fund invests in. If the market value of the investments falls, the net asset value (NAV) of the fund may fall below the long-held objective of \$1.00 NAV per share. In September 2008, one MMMF announced their

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by NCUA

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investments fell in market value, resulting in a NAV of 97¢. Money market mutual funds do not carry NCUA insurance.

### Understanding your NCUA and MSIC protection

The following provides a simplified example of how funds for a husband, wife and one child could be insured at RTN Federal Credit Union.

			Total Insurance
<i>Individual Accounts</i> (all main share, checking, certificates, money market, club accounts, etc.)			
Husband	\$250,000	\$350,000	\$600,000
Wife	\$250,000	\$350,000	\$600,000
<i>Co-owners</i> (Total of all main share, checking, certificates, money market, club accounts, etc.)			
Husband's share in all joint accounts	\$250,000	\$700,000 regardless of number of owners	\$1,200,000 Assuming two owners
Wife's share in all joint accounts	\$250,000		
<i>Revocable Trust Accounts</i> (e.g., Total of all Totten Trust main share, checking, certificates, money market, club accounts, etc.) <sup>1</sup>			
Husband as trustee for wife	\$250,000	—	\$250,000
Wife as trustee for husband	\$250,000	—	\$250,000
Wife as trustee for child	\$250,000	—	\$250,000
<i>IRA Accounts</i> (Total all IRA savings and certificate accounts)			
Husband	\$250,000	Unlimited	All IRA funds
Wife	\$250,000		
Sub-Totals	Non-IRA Funds: \$1,750,000	Non-IRA Funds: \$1,400,000	Non-IRA Funds: \$3,150,000
	<i>plus</i>	<i>plus</i>	<i>plus</i>
	IRA funds: \$500,000	All IRA funds over NCUA amounts	All IRA funds
<b>Total Insured Funds</b>	<b>\$2,250,000</b>	<i>See row above</i>	<i>See row above</i>

<sup>1</sup>Under Massachusetts statute, MSIC insurance coverage on trust accounts is determined by the number of trustees on the trust and added to the appropriate individual or joint account coverage.

This example is provided for illustrative purposes only. Please ask to have your account reviewed for a coverage analysis specific to your situation.

For more information on your RTN Federal Credit Union account, or on your NCUA and MSIC insurance, please speak to any Credit Union representative or contact Joseph Connors, Vice President, Marketing, 1-800-338-0221, ext. 9850, or [jconnors@rtn.org](mailto:jconnors@rtn.org).