

The NCUA met on Thursday, May 25, 2023. Two priorities on the agenda included a Share Insurance Fund (SIF) update and a proposed rule expanding permissible Charitable Donation Accounts. As always, the GoWest Credit Union Association regulatory affairs team is pleased to provide a same-day analysis.

Share Insurance Fund Update

Eugene Schied, the NCUA's CFO, provided the NCUA Board with an update on the Share Insurance Fund. Shied projects that the SIF Equity Ratio will be at 1.25% at the end of June which is significantly different than the Association's calculation which has the Equity Ratio at the end of June sitting at 1.3%. Our calculation differs from the NCUA as we assume that deposits will decline slightly in the second quarter while the NCUA predicts share growth. In addition, GoWest assumes slightly higher growth in retained earnings, calculating that the yield on the nearly \$2.5 Billion in overnights will continue to increase.

Through the first Quarter of 2023, the SIF has suffered 2 losses totaling \$1.25 M. The number of CAMEL 4 and 5 credit unions rose from 125 in March 2022 to 127 in March 2023. Camel 3 credit unions rose from 751 credit unions in March 2022 to 779 in March 2023. Total assets in CAMEL 3,4, and 5 credit unions is 4.34% in March 2023 compared to 2.57% in March 2022.

The Association is not anticipating the NCUA Board will consider a special assessment in 2023. Signs point to continued deposit runoff and increased yield from investments which would result in a natural increase in the equity ratio and makes the possibility of a SIF distribution more likely.

Link to: [NCUSIF Financial Statistics](#)

Proposed Rule - Charitable Donation Accounts (CDA)

During the meeting, the NCUA Board issued a proposed rule expanding organizations that qualify for charitable donation account investments to include veterans' organizations under 501 c19. Examples of organizations include the Marines Memorial Association, National Guard Association of the United States, Military Officers Association of America, and others.

Currently, only (Internal Revenue Code) section 501(c)(3) organizations are considered to be a "qualified charity" for purposes of the CDA rule. Section 501(c)(3) organizations are generally charitable organizations, churches and religious organizations, and private foundations. The proposed rule would amend the definition of "qualified charity" to also include veterans' organizations under section 501(c)(19).

The Association supports this change which would allow Defense Credit Unions as well as other credit unions to align their charitable giving more closely with their members.

Upcoming Actions – The Association and GoWest member credit unions will be meeting with Chairman Harper and the NCUA team following the June NCUA Board meeting to discuss issues important to credit unions. If you have questions or topics that you would like addressed, please share them by June 15. You may email [me](#) directly.

The next meeting of the NCUA Board of Directors is scheduled for Thursday, July 20, 2023.

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