



**FREQUENTLY ASKED QUESTIONS  
REGARDING ACCOUNTING FOR THE NCUA'S  
2017 SHARE INSURANCE FUND EQUITY DISTRIBUTION**

At its February 15, 2018 open meeting, the NCUA Board unanimously approved a \$735.7 million Share Insurance Fund equity distribution to all eligible financial institutions. In addition, the NCUA Board approved a [final rule \(Part 741\)](#) that amends the existing Share Insurance Fund equity distribution rule and creates a temporary provision governing Share Insurance Fund equity distributions related to the Corporate System Resolution Program. Under the final rule, the NCUA Board will effect a pro rata distribution to each eligible institution that filed a quarterly Call Report as a federally insured credit union for at least one reporting period in 2017 (March 31, 2017, June 30, 2017, September 30, 2017, and December 31, 2017). The final rule became effective March 25, 2018.

**1. When can a credit union recognize its Share Insurance Fund equity distribution?**

A credit union may recognize its pro rata share of the Share Insurance Fund equity distribution as of March 25, 2018, the effective date of the final rule.

**2. How can a credit union calculate its estimated Share Insurance Fund equity distribution for accounting purposes?**

The NCUA has computed a preliminary pro rata factor of **0.00085897013052** per average insured share. This pro rata factor is subject to change. A credit union can estimate its pro rata share of the Share Insurance Fund equity distribution by calculating its average amount of insured shares as reported on quarterly Call Reports from March 31, 2009, to December 31, 2017, and multiplying the result by 0.00085897013052.<sup>1</sup>

The NCUA assumes no responsibility for the credit union's accounting estimate of its Share Insurance Fund equity distribution. The official Share Insurance Fund equity distributions will be calculated by the NCUA, reflected on statements issued to distribution recipients, and paid in the third quarter of 2018. The agency will use archived Call Report data on record with the NCUA as the basis for the calculation. The archived Call Report data for the 2017 distribution was generated on February 21, 2018, and comprises the 36 quarters of insured shares reported between March 31, 2009 and December 31, 2017.

Credit unions can access Call Report data by using the agency's [Research a Credit Union](#) tool.

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<sup>1</sup> This date range reflects the 36-quarter period applicable for a 2017 Share Insurance Fund equity distribution. See 12 C.F.R. § 741.13(b)(5)(i)(A). Requirements for Insurance; National Credit Union Share Insurance Fund Equity Distribution, 83 FR 7954-01, 7962 (Feb 23, 2018). For purposes of calculating a financial institution's average amount of insured shares the financial institution shall be treated as having no insured shares (\$0); for reporting periods in the 36-quarter time horizon where a Call Report was not filed.

**3. What accounting entry should a credit union initially make to record its Share Insurance Fund equity distribution?**

After arriving at the initial estimate of its pro rata share based on the calculation provided above, a credit union may recognize that amount in its income statement as other operating income and record a receivable on its balance sheet for the same amount.

For example, Credit Union ABC estimates that its pro rata share of the total distribution will be \$100,000. Credit Union ABC would make the following journal entry:

Debit: Accounts Receivable	\$100,000	
Credit: Other Operating Income		\$100,000

**4. What will a credit union need to do if its Share Insurance Fund equity distribution statement shows a different amount than what it recorded as a receivable?**

A credit union will need to make an adjustment to the amount previously recorded if the estimated distribution that it initially calculates is different than the actual distribution reflected on the statement. Continuing from the previous example, if Credit Union ABC ultimately receives notice its distribution is \$95,000, it would make the following adjusting entry:

Debit: Other Operating Income	\$5,000	
Credit: Accounts Receivable		\$5,000

Similarly, if Credit Union ABC ultimately receives notice its distribution is \$103,000, it would make the following adjusting entry:

Debit: Accounts Receivable	\$3,000	
Credit: Other Operating Income		\$3,000

Continuing with the above examples, upon receipt of the actual \$95,000 pro rata distribution, Credit Union ABC would make the following journal entry:

Debit: Cash	\$95,000	
Credit: Accounts Receivable		\$95,000

If the actual amount received is \$103,000, Credit Union ABC would make the following journal entry:

Debit: Cash	\$103,000	
Credit: Accounts Receivable		\$103,000

**5. What if the credit union acquired another credit union eligible for a distribution?**

The credit union will receive a separate statement and payment for each eligible institution acquired. The credit union will need to use insured share data from the acquired institution(s) when estimating its pro rata distribution.

**6. How should the distribution be reported on the Call Report?**

For Call Report purposes, the distribution should be reported on the Statement of Income and Expense on line item 13 – Other Operating Income. The corresponding receivable should be reported on the Statement of Financial Condition on line item 22c – All Other Assets.

**7. How will the credit union receive its distribution?**

Distributions will be made via electronic funds transfer.<sup>2</sup> Detailed statements will be provided with the distribution. If the credit union previously provided its EFT information to the NCUA and there have been no changes, no further action is needed. Please complete [the authorization agreement for EFT payments](#) if updates are necessary. If NCUA does not have EFT information on file, the agency will contact the credit union to complete the authorization agreement for EFT payments.

**8. Should the credit union consult with its accountant prior to accounting for its distribution on the credit union's financial statements?**

Each credit union will need to determine whether to consult with an accountant prior to accounting for the distribution on the credit union's financial statements.

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<sup>2</sup> If a technical issue limits a financial institution's ability to receive the dividend via EFT, the dividend will be issued in the form of a check and mailed. The NCUA will address these situations on a case-by-case basis.