

Wealth News

December 2008

Information from BrightStar Credit Union and CFS* to help keep your financial life in balance

Consumer Sense

How Safe Is My Money?

With the recent string of bank buyouts and brokerage firm troubles, you may be unsure as to whether or not your deposits or investments are safe. Two agencies in particular-- the Securities Investor Protection Corporation (SIPC) and the National Credit Union Administration (NCUA) --were created specifically to protect consumer investment and credit union deposit accounts in the event a brokerage firm or credit union fails. In this issue of Wealth News, we'll focus on the coverage provided by these two agencies.

SIPC

The Securities Investor Protection Corporation (SIPC) was created by Congress in 1970 to protect customer cash and securities in the event that a brokerage firm experiences financial difficulty or if customer assets are missing. Most brokerage accounts that include stocks, bonds and other investments are protected by SIPC. It is important to note that investment accounts are only eligible for

protection if the associated brokerage firm is a "Member" with SIPC. For example, your credit union's brokerage partner, CUSO Financial Services, L.P., is a SIPC member. To verify whether or not a particular firm is a member of SIPC, visit the SIPC site at www.sipc.org.

In the event that a SIPC-covered brokerage firm fails, customers will first receive all of the securities registered in their name or in the process of being registered. Next, SIPC will identify and make a pro rata distribution of the brokerage's remaining assets in proportion to the size of customer claims. If the remaining assets are not enough to cover customer claims, then SIPC uses its own reserve funds to supplement client accounts up to \$500,000 per account, including a maximum of \$100,000 for cash claims. Keep in mind that SIPC coverage does NOT insure against losses associated with market value fluctuation.

Credit Union Protection

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 increased the insurance coverage on all accounts up to \$250,000 through December 31, 2009. As a member of a credit union, all types of member share accounts and deposits such as regular shares, share certificates, and share draft accounts are insured. If you have multiple share accounts at your credit union, share account balances are aggregated and insured up to the \$250,000 amount. For more information regarding NCUA coverage, contact your credit union or the NCUA (<http://www.ncua.gov>).

Reaching out to Your Credit Union's Financial Professional

Talk to your financial professional about the different types of protection on your deposit or investment accounts. Additionally, he or she may be able to answer any questions you have regarding a wide range of financial topics. Contact our credit union!

Sources: www.sipc.org, and <http://www.ncua.gov>

Have You Read...

Banking and Financial Institutions Law in a Nutshell by *William A. Lovett*. Authoritative coverage provides a foundation for understanding recent developments in banking and financial institutions

Interested in Learning More?

I specialize in helping people maintain a healthy financial balance and discover smart money strategies. Call me to set an appointment to review your investment objectives, and to discuss any questions you might have. I look forward to speaking with you!

Luis Munoz, Financial Advisor
(954) 497-4182

Do you have a topic you'd like to see covered in future Wealth News newsletters? Email your questions and comments to me at: luis@bscu.org



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