

June 23, 2025

Melane Conyers- Ausbrooks  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314–3428.

**Re: “Succession Planning” RIN 3133-AF42 and “Simplification of Share Insurance” RIN 3133-AF53**

Dear Secretary Conyers-Ausbrooks:

On January 20, 2025, the White House issued a memorandum to the Heads of the Executive Departments and Agencies, captioned “Regulatory Freeze Pending Review,”<sup>1</sup> directing the agencies to “consider opening a comment period to allow interested parties to provide comments about the issues of fact, law, and policy raised by the rules that have not yet taken effect, and to “consider reevaluating pending petitions involving such rules.” In response, the National Credit Union Administration (NCUA) has published a request for comments on two recently finalized rules: Succession Planning and Simplification of Share Insurance, effective January 1, 2026, and December 1, 2026.

The National Association of State Credit Union Supervisors<sup>2</sup> (NASCUS) submits the following comments in response to the NCUA’s request.

***Succession Planning***

As discussed in our comments to the NCUA on the agency’s initial proposed rule, NASCUS agrees that succession planning is important to ensuring a credit union’s continuity of operations and maintaining member confidence in credit union leadership.<sup>3</sup> It is essential that financial institutions take necessary steps to mitigate management transition and associated risks. Proactive succession planning requires sufficient time and attention be given to the consideration of talent replacement.

Proactive succession planning also ensures that a credit union selects individuals who believe in the strategic goals and philosophy of the institution. Finding the “right” fit in terms of leadership is most often a daunting and time-consuming process.

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<sup>1</sup> White House Memorandum, “Regulatory Freeze Pending Review,” January 20, 2025.

<https://www.whitehouse.gov/presidential-actions/2025/01/regulatory-freeze-pending-review/>

<sup>2</sup> NASCUS is the professional association of the nation’s forty-six state and territorial credit union regulatory agencies that charter and supervise over 1739 state credit unions. NASCUS membership includes state regulatory agencies, state chartered and federally chartered credit unions, and other important stakeholders in the state system. State-chartered credit unions hold half of the \$2.4 trillion assets in the credit union system and are proud to represent nearly half of the 144 million members. The remaining five states lack state-chartered credit unions.

<sup>3</sup> NASCUS Comments on Notice of Proposed Rulemaking: Succession Planning – RIN 3133-AF42, September 23, 2024.

Because succession planning is vital to the ongoing safety and soundness of a credit union, it is not only appropriate but imperative that regulators address succession planning within the supervisory process. However, how succession planning is incorporated within the supervisory process is critical to ensuring that a succession planning rule enhances the system rather than being a detriment to the system.

Given the obviously broad differences in credit union succession planning driven by size, complexity, location, common bond, and other variables, NASCUS continues to believe the credit union system would be better served by a more general rule that is, in turn, supported by guidance. Such an approach provides credit unions with the flexibility needed to plan realistically given their strategic and operational profile without creating an undue burden. We remain concerned that the recently finalized rule, even with the changes made from the proposed rule, is unnecessarily complicated for modestly sized credit unions and somewhat lacking with respect to more complex credit unions. In addition, we remain particularly concerned that the erstwhile “exemption” for FISCUs in states that address succession planning is unworkably vague.

### ***Simplification of Share Insurance***

The final rule would amend §745.4 of the NCUA’s regulations, which currently applies only to revocable trust accounts. The amendment establishes a new “trust accounts” category that includes both revocable and irrevocable trust accounts with funds deposited at a Federally Insured Credit Union (FICU).

NASCUS, in our comments, supported the proposed changes simplifying the share insurance rules.<sup>4</sup> We believe the amendments represent a very thoughtful and comprehensive analysis toward the enhancement of the share insurance model.

The amendments also alleviate confusion surrounding the insurability of trust-related accounts in general.

The elimination of certain rules related to revocable and irrevocable trusts also represents a reduction of regulatory burden through improved operational efficiency and a higher potential for improved customer service.

The final rule is common-sense regulatory reform for credit unions. It increases consistency between the FDIC’s Federal Deposit Insurance Rules and the NCUA’s Share Insurance Rules. NASCUS encourages the NCUA to retain the final rule, as issued.

### ***Coordination with and Deference to State Authority***

In any rulemaking applicable to Federally Insured State Chartered Credit Unions (FISCUs) and to support a strong dual chartering system, NASCUS strongly encourages the NCUA to work closely with state supervisory authorities.

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<sup>4</sup> NASCUS Comments on Notice of Proposed Rulemaking: Simplification of Share Insurance Rules – RIN 3133-AF53, December 26, 2023.

As addressed in the preamble to the Succession Planning final rule, the NCUA will not accept deference to guidance issued by state regulators, stating deferral would only apply to legally enforceable statutory requirements, regulations, or other issuances binding under state law.

NASCUS encourages the NCUA, in reevaluating this rulemaking, to consider narrowing the applicability of the Succession Planning final rule to exclude FISCUs as was the case in the 2022 proposed rule. Absent an exclusion, we suggest the NCUA provide a simplified exemption provision that exempts FISCUs in a state upon notice from the state regulator to the appropriate Regional Director that the state supervises succession planning by rule, guidance, or through the supervisory process.

### *Impact on Small Credit Unions*

NASCUS also urges the NCUA to reconsider the impact the final rule would have on small credit unions. One unfortunate and unnecessary element of the rule is NCUA's continued insistence on making FISCUs access NCUA's FCU rules to determine their compliance obligations rather than consolidating all applicable FISCU rules in one place. In this case, a FISCU references part 741 and is then redirected to numerous, non-contiguous provisions of Part 701 FCU rules. And those rules use the term FCU throughout.

Additionally, a small credit union may have less expansive recruitment, development, and retention strategies and will likely be required to enhance these strategies to meet the requirements of the final rule, placing additional burden on these institutions. With the reduction in staff at the agency, the NCUA must work with state supervisory authorities (SSAs) to develop strategies and resources to assist credit unions and defer to the state agencies in the oversight of succession planning policies and procedures.

In closing, we reiterate the importance of coordination with the SSAs. As NCUA sees a reduction in its workforce, programs, oversight, and support for credit unions are likely to see an impact. The SSAs retain oversight of FISCUs and are equipped to oversee requirements, such as those discussed.

NASCUS appreciates the opportunity to comment. We are happy to discuss our comments further at your convenience.

Sincerely,

- Signature redacted for electronic submission -

Sarah Stevenson  
Vice President, Regulatory Affairs  
NASCUS