



Regulatory Comment: Summary and Feedback Request

NCUA: Proposed Rule on Dependent Care and Board Member Expense Reimbursement

THE ISSUE:

The NCUA Board is [proposing](#) to amend its rules that would allow federal credit union (FCU) boards to reimburse volunteer officials for reasonable dependent care expenses incurred while carrying out official duties, including attending board meetings. The proposal would treat dependent care costs as a permissible reimbursable expense, giving credit unions more flexibility to adopt family-friendly policies and helping remove barriers that can limit volunteer participation. As noted in the proposal's preamble, this rulemaking was initiated in direct response to America's Credit Unions' input and recommendations.

IMPACT TO CREDIT UNIONS:

The proposed rule would not create new compliance requirements. It would simply allow FCUs and federal corporate credit unions to reimburse reasonable dependent care expenses for volunteer officials when they attend meetings or carry out official duties, which could help remove barriers for volunteers with caregiving responsibilities. The proposal is optional and applies only to federally chartered credit unions.

KEY POINTS:

- The proposal would give FCUs and federal corporate credit unions the option to reimburse reasonable dependent care expenses for volunteer officials while performing official duties.

- By reducing caregiving-related barriers to service, the rule could support broader participation in board and committee roles.

ACTION NEEDED: Deadlines and contacts

Please use the comment link below to respond to America’s Credit Unions survey regarding the Dependent Care and Board Member Expense Reimbursement proposal. This will help shape the discussion and better address your needs in our comment letter.

- Comments due to America’s Credit Unions: March 13, 2026 – [Submit here](#)
- Comments due to NCUA by March 27, 2026
- Questions? Contact [Luke Martone](#), Regulatory Advocacy Senior Counsel
- Agency contact: Keisha Brooks (NCUA Attorney-Advisor) 703-518-1156

ANALYSIS:

Background

The FCU Act generally prohibits FCU officials from being compensated for their service, with one limited exception for a single board member. However, both the FCU Act and NCUA regulations have long allowed FCUs to reimburse volunteer officials for reasonable and proper expenses incurred while carrying out official credit union business. These reimbursements are not considered compensation, so long as they are approved by the board, documented in written policies, and reasonable in light of the credit union’s financial condition.

Under existing section 701.33, each FCU board has discretion to determine which expenses are necessary or appropriate for officials to perform their duties, subject to safety and soundness considerations. Historically, this flexibility has included items such as travel and training

expenses, and the NCUA has generally left these decisions to individual boards within reasonable boundaries.

In recent years, based on input from America's Credit Unions, questions have arisen about whether dependent care costs, such as childcare or care for other dependents, may be reimbursed under the existing rule. Prior NCUA staff interpretations concluded that these costs were not reimbursable, relying in part on IRS guidance that typically treats childcare as a personal expense. However, volunteer service at FCUs differs from traditional volunteer activities, as nearly all FCU board and committee members are legally required to serve without compensation while carrying significant fiduciary and governance responsibilities.

The NCUA has also recognized broader challenges affecting volunteer service, including rising dependent care costs and declining volunteer participation in many communities. At the same time, credit union governance has become more complex, increasing the demands placed on volunteer officials. These factors have led the NCUA Board to reconsider whether the current regulatory treatment of dependent care expenses appropriately reflects the realities facing volunteer officials today.

Proposed Rule

The proposed amendments would apply only to federally chartered credit unions, including federal corporate credit unions. State-chartered credit unions are not subject to section 701.33 and would continue to follow applicable state law regarding board and committee expense reimbursement.

The proposal would amend section 701.33 to clarify that dependent care costs may be treated as a reasonable and proper expense for volunteer officials. The proposal would define "dependent care costs" by reference to the Internal Revenue Code and would generally include care for a dependent child under age 13 or for a spouse or dependent of any age who is incapable of self-care.

Importantly, the proposal is permissive, not mandatory. FCU boards would have discretion to decide whether to allow reimbursement of dependent care expenses and to establish appropriate limits through written policies and procedures. A board could choose to adopt a more restrictive policy or prohibit such reimbursements entirely.

All existing safeguards would remain in place. Any reimbursement would still need to be reasonable, necessary or appropriate to carry out official credit union business, and consistent with the credit union's financial condition and safety and soundness. The NCUA would retain authority to object to policies that are unreasonable or pose undue risk to the Share Insurance Fund.

Finally, the NCUA emphasizes that the proposed rule does not change federal tax requirements. Credit unions and volunteer officials would remain responsible for complying with applicable IRS reporting and tax rules related to any reimbursements.

QUESTIONS TO CONSIDER:

1) Scope, Definitions, and Guardrails for Dependent Care Reimbursement:

The NCUA proposes to define “dependent care costs” by referencing existing IRS definitions, but is considering whether additional limits or clarifications are appropriate.

- a. Should reimbursement be limited to temporary or incremental dependent care costs that arise specifically as a result of attending meetings, training, or other official duties, rather than routine or ongoing care expenses?
- b. How should key terms such as “dependent” and “dependent care costs” be defined or addressed to ensure clarity and consistent application, including whether definitions should be set in regulation, addressed through board-approved policies, or handled another way?

2) Appropriate Use Cases and Distinction from Lost Wages: The NCUA seeks input on how dependent care reimbursement should be treated relative to other costs, such as lost wages, which the agency has historically declined to permit.

- a. Are the concerns that led the NCUA to prohibit reimbursement of lost wages applicable to dependent care costs, or are these expenses meaningfully different?
- b. In what circumstances would dependent care reimbursement be necessary or appropriate, and how frequently do those situations arise, including for evening meetings, in-person or virtual meetings outside normal hours, or training and conferences?

3) Board Responsibilities, Costs, and Member Impact: What costs, administrative challenges, or logistical considerations would FCU boards face in adopting and implementing a dependent care reimbursement policy, and how should boards balance those considerations against potential impacts on members?

4) State-Chartered Credit Unions and Best Practices: Although the proposal applies only to federally chartered credit unions, are there best practices, limits, or safeguards used by state-chartered credit unions or other organizations that the NCUA should consider when finalizing this rule?

5) Scope of Eligible Volunteers: Should the proposed reimbursement authority apply to associate directors, directors emeriti, or other volunteer officials, and if so, under what circumstances? In particular, how should the rule distinguish between individuals performing official duties and those serving solely in an honorary capacity, consistent with existing reimbursement limitations?

6) Any other comments regarding these regulations.