



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CREDIT UNIONS

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February 11, 2009

“A”

Sent by email

DCU Interpretive Letter I-09-01

Subject: RCW 31.12.365 (2) permitting reimbursement for reasonable expenses for directors and supervisory committee members (official volunteers)

Dear “A”:

Thank you for your email dated February 6, 2009 in which you inquired about when a Washington state chartered credit union may reimburse credit union officials for certain business expenses. For purposes of this interpretive letter, both board members and supervisory committee members are considered “official volunteers”.

First, I reviewed the Washington Credit Union Act for a credit union’s authority to reimburse official volunteers for their business expenses.

RCW 31.12.365 (2) states:

Directors and members of committees may receive reimbursement for reasonable expenses incurred on behalf of themselves and their spouses in the performance of the directors' and committee members' duties.

I also reviewed earlier interpretations by the Division of Credit Unions (DCU) on the subject of reimbursement of expenses paid by official volunteers.

I also reviewed prudent practices. In accordance with RCW 31.12.365(2), each credit union should have a board approved policy on reimbursement of reasonable business expenses for official volunteers and decide whether they will pay for spouse expenses.

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Typically, a credit union has one policy that is the same for reimbursing official volunteers and credit union staff. The policy should clarify the following:

- what categories of expenses would be reimbursed and what types of expenses are considered personal expenses that would not be reimbursed;
- what is the maximum allowable amount reimbursed on certain expenses (such as mileage, meals, incidental expenses, and hotels)¹ and any requirements for choosing airfare or rental car expenses,
- how exceptions will be handled if the reimbursement request is above the maximum allowable amount or is for an expense not listed in the policy,
- any requirements for advance approval, (such as training that meets a board approved training plan),
- any requirements for reimbursement, (such as timely completion of a reimbursement request with the attachment of original receipts), and
- who approves reimbursement for official volunteers.

Every official volunteer should be made aware of the policy, and it should be a part of new volunteer training. In order to be fair, the policy should be followed consistently.

Guest Travel

You asked if a Washington state chartered credit union can pay for the travel cost of a guest. I assume you are asking about whether a credit union can reimburse an official volunteer for their guest to attend an event with the official. You also asked whether the reimbursement to the official is taxable income.

The Washington Credit Union Act authorizes reimbursement for the “spouse” of an official volunteer but does not mention “guest”. I reviewed DCU’s Opinion Letter 00-1² for the definition of spouse, which includes a domestic partner. Unless the guest meets the definition of spouse, the credit union is not authorized to reimburse a guest’s expenses. Although a credit union is permitted to reimburse its official volunteer, it may choose to not reimburse official volunteers for the expenses of their spouse and its policy should be clear if there are any limits on reimbursing a spouse’s expenses.

The Division of Credit Unions does not provide tax advice. Please contact the Internal Revenue Service (IRS) to inquire whether travel reimbursement for a guest’s expenses is a taxable item.

¹ Since cost of meals and lodging (i.e. per diem) will differ depending on the location, some credit unions use the federal government rates. See www.gsa.gov, click on “per diem rates”, click on the state, and then locate the destination city.

² See <http://www.dfi.wa.gov/cu/opinions2000.htm#1> for a copy of DCU Opinion Letter 00-1.

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Mileage

Can the credit union pay for mileage to a director for a regular board meeting?

As stated above, RCW 31.12.365(2) permits directors and members of credit union committees to receive reimbursement for reasonable expenses incurred on behalf of themselves in the performance of the director's and committee members' duties. If inclined to do so, the credit union may include in its board approved policy to reimburse a director for mileage to attend a regular board meeting.

Maximum Annual Gift

What is the maximum gift value for a volunteer in a year?

In DCU Interpretive Letter 05-10, the maximum gift value in a year for a volunteer is \$300. A copy is of the letter is available at http://www.dfi.wa.gov/cu/I-05-10r_giftsminimal.pdf.

Computer

If a credit union provides a computer for access to electronic meeting packets, is it taxable?

A credit union may provide a credit union-owned computer for a director or supervisory committee member (i.e. volunteer) to use solely in the performance of his/her duties. The credit union should have an agreement that the volunteer will return the computer to the credit union, when he/she is no longer a director or supervisory committee member.

The Division of Credit Unions does not provide tax advice. The volunteer should seek tax advice from the IRS under either of the following circumstance:

- a. if the volunteer is using the computer for purposes beyond his/her credit union duties, or
- b. if the volunteer is not required to return the computer to the credit union when he/she is no longer a credit union official.

Closing

This letter is intended to provide general guidance only, and is not a substitute for legal advice by counsel. If you have questions, please contact me at 360-902-8778 or ljekel@dfi.wa.gov.

Sincerely,

Linda Jekel
Director of Credit Unions