Dependent Care Reimbursement for Volunteer Officials

This information is general information for New York Credit Union Association members and is not legal or tax advice. Credit unions should consult counsel and a tax advisor before adopting a reimbursement policy.

A new federal rule takes effect this summer that gives your credit union an optional but meaningful tool for strengthening board recruitment. The Association has prepared the following overview to help your leadership team understand what the rule allows, who it covers, and what your board will need to decide.

The NCUA has amended **12 CFR § 701.33** (effective July 9, 2026) so that a federal credit union may now reimburse or pay directly the reasonable dependent care costs a volunteer official incurs while attending board meetings or performing official credit union duties. These payments are no longer treated as prohibited compensation. Adoption is entirely optional.

What You Need to Know

- **It's a tool, not a mandate.** Your board may adopt it, adopt a narrower version, or decline. No standalone policy is required if you do nothing.
- **Who it covers.** Volunteer officials: directors, and associate directors or committee members who perform board-designated duties beyond an honorary role.
- **What care qualifies.** Care for a "qualifying individual": generally a child under 13, or a spouse or other dependent incapable of self-care who lives with the official more than half the year.
- **The guardrails don't change.** Any payment must still be reasonable in amount relative to your resources, board-determined as necessary or appropriate, and made under a written policy with documentation.
- **Why it matters most: recruiting.** It removes an out-of-pocket barrier that keeps capable candidates such as single parents, working parents, military families, and caregivers, off the board. NCUA itself frames this as a recruiting tool.

- **Cost is expected to be modest.** Because it's discretionary and you can cap or limit it, and because many meetings are now remote, NCUA anticipates minimal cost to members.
- **Taxes are separate.** This rule does not change IRS treatment. Confirm reporting with a tax advisor before paying.

The Recruiting Case

Talented and qualified people decline board service because an evening meeting means paying for a sitter or arranging eldercare out of pocket. This rule lets the credit union cover that cost, so the decision to volunteer no longer carries a personal financial penalty. For a small credit union that struggles to recruit, that is a low-cost, high-visibility way to widen the candidate pool and it costs nothing until someone actually uses it.

The Single Decision for Your Board

Do the recruiting and participation benefits of reimbursing dependent care costs justify adopting or amending a written policy? And if so, with what eligibility limits, dollar caps, and documentation?

To support your board's decision-making process, the Association has developed an additional resource linked below.

Deeper Dive & Checklist

We hope this overview and the accompanying resource serve as a strong starting point as you assess what makes sense for your membership and the volunteers who serve them.

If you have any additional questions, please reach out to Association Vice President of Legislative & Regulatory Affairs Jeremy Newman at **jeremy.newman@nycua.org**.