


# **Fiduciary Resource Guide for Federal Fiduciaries Appointed by the Department of Veterans Affairs**

Information from State Employees' Credit Union

State Employees' Credit Union®



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When the Department of Veterans Affairs (VA) determines that a person receiving VA benefits (beneficiary) needs assistance managing VA funds, a Federal Fiduciary is appointed. The Federal Fiduciary is responsible for using the benefits to provide for the food, shelter, clothing and other necessities of the beneficiary. If you have been appointed as Federal Fiduciary for a friend or loved one, this resource guide will help explain what you should and should not do in this role. Best practices for serving as Federal Fiduciary are as follows:

- **Keep funds separate**
  - > Do not commingle funds with the beneficiary's other funds
  - > Do not commingle funds with your personal funds
  - > Open a separate account, designated as a "federal fiduciary" account.
    - The beneficiary should not have access to this account
    - VA benefit should be the only source of funds going into this account
    - Pay for items/necessities for the beneficiary from this account
- **Be diligent**
  - > Pay bills on time
  - > Keep a list of all expenses, debts, etc.
  - > Funds should be used for the needs of the beneficiary (food, shelter, etc.)
- **Keep detailed records**
  - > Detail funds received and how funds are spent
  - > Avoid paying cash
  - > Keep all receipts

In order to open a Federal Fiduciary account at the credit union, you must present documentation that you have been appointed by the Department of Veterans Affairs as Federal Fiduciary for our member. You should keep detailed records of the account in order to file the annual accounting with Department of Veterans Affairs. If you have questions regarding your role, you should consult the brochure published by the Department of Veterans Affairs: *A Guide for VA Fiduciaries*, or the VA directly.



# Frequently Asked Questions

## 1. What is a Federal Fiduciary?

- A person appointed by the VA to accept a veteran's VA benefits payments and use those payments to provide food, clothing, shelter and other necessities. The most common types of Federal Fiduciaries are Spouse-Payees and Legal Custodians.

## 2. Who can appoint or remove a Federal Fiduciary?

- Only the VA can appoint or remove a Federal Fiduciary.

## 3. When does the VA appoint a Federal Fiduciary?

- A Federal Fiduciary is appointed when the VA determines that a veteran is unable to appropriately manage VA benefits payments. The VA often appoints Federal Fiduciaries for veterans who are incapacitated.

## 4. Can I use a Power of Attorney (POA) to handle the beneficiary's finances instead of being appointed as Federal Fiduciary?

- No. The VA does not recognize the use of a POA for purposes of handling benefits. Only a designated Federal Fiduciary may handle the beneficiary's funds from the VA.
- If you are serving as attorney-in-fact for a person who is receiving VA funds, you cannot use the POA to handle the VA funds. Someone must apply to be VA Federal Fiduciary, must keep VA funds separate from the person's other funds, and must keep separate records regarding how the funds are spent.





# Frequently Asked Questions

5. **Do Federal Fiduciaries need to open a special account at the credit union?**
  - Yes. Federal Fiduciaries should open VA Federal Fiduciary accounts at the credit union.
6. **Who needs to be eligible for membership at the credit union for the VA Federal Fiduciary to open a VA Federal Fiduciary account?**
  - The veteran must be eligible for membership at the credit union for the VA Federal Fiduciary to open a VA Federal Fiduciary account. If the VA Federal Fiduciary account is the veteran's first credit union account, the VA Federal Fiduciary must provide the veteran's identification information, such as driver's license and/or Social Security card.
  - The VA Federal Fiduciary does not need to be a member.
7. **Must a Federal Fiduciary provide special documentation to the credit union to open a VA Federal Fiduciary Account?**
  - A Federal Fiduciary must provide a document, issued by the VA, confirming the appointment as Federal Fiduciary. This document is directed to the Federal Fiduciary. It is not directed to the veteran.



# Frequently Asked Questions

- 8. How does a Federal Fiduciary open a VA Federal Fiduciary account at the credit union?**
- The Federal Fiduciary can open a VA Federal Fiduciary account by contacting a local branch, 24/7 Member Services or through Member Access at [ncsecu.org](http://ncsecu.org). The Federal Fiduciary will need to provide documentation from the VA confirming the appointment as Federal Fiduciary and sign an account signature form.
- 9. Who can access a VA Federal Fiduciary account?**
- Only the Federal Fiduciary can access a VA Federal Fiduciary account. Although the veteran owns the account, the veteran **cannot** withdraw funds from the account or obtain information about the account.
  - The veteran should be referred to the Federal Fiduciary for information regarding the VA Federal Fiduciary account.
- 10. What types of funds can be deposited into a VA Federal Fiduciary account?**
- Only the veteran's VA benefits should be deposited into a VA Federal Fiduciary account. Other funds belonging to the veteran should **not** be deposited into the VA Federal Fiduciary account.
- 11. How can a Federal Fiduciary access the funds in a VA Federal Fiduciary account?**
- A Federal Fiduciary may access the funds in a VA Federal Fiduciary account in a local branch or through online access. The Federal Fiduciary may also write checks. Debit and ATM cards are not recommended for VA Federal Fiduciary accounts.





# Frequently Asked Questions

**12. Can the veteran have accounts at the credit union which are not titled as VA Federal Fiduciary accounts?**

- Yes. The veteran can have accounts at the credit union which are separate from the VA Federal Fiduciary account(s). Funds payable to the veteran which are not VA benefit payments should be deposited into the veteran's separate accounts, to which the veteran may have access.

**13. Can the Federal Fiduciary access the veteran's separate accounts?**

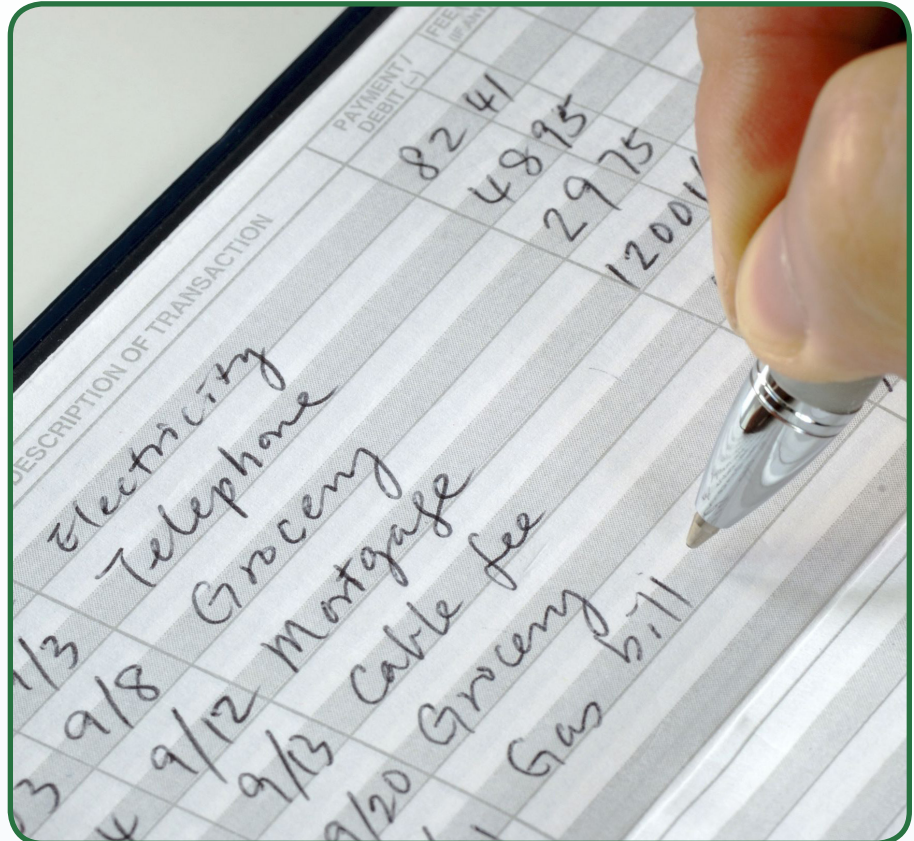
- No. The Federal Fiduciary cannot access or obtain information about the veteran's separate accounts. The Federal Fiduciary can access only the VA Federal Fiduciary account(s).

**14. Must the Federal Fiduciary provide an accounting to the VA? What records should be retained for this purpose?**

- Yes. The Federal Fiduciary is responsible for completing an annual accounting to the VA and should retain itemized receipts to document the expenses paid on the veteran's behalf.

**15. Can a Federal Fiduciary continue to act on VA Federal Fiduciary accounts after the veteran dies?**

- No. The Federal Fiduciary's authority to act on VA Federal Fiduciary account(s) terminates at the beneficiary's death. After the beneficiary's death, funds in the VA Federal Fiduciary account(s) will be distributed to the veteran's estate by the appointed Personal Representative.



# Frequently Asked Questions

## 16. What is the difference between a VA Federal Fiduciary and a Guardian of the Estate appointed by the Clerk of Superior Court?

- A VA Federal Fiduciary is responsible for managing only VA funds on behalf of the veteran, whereas a Guardian of the Estate appointed by the Clerk of Superior Court is responsible for managing other property and business affairs of a minor ward or an adult who has been declared incompetent (ward).
- If a ward is receiving VA funds, the Guardian of the Estate or another person must apply to be VA Federal Fiduciary, must keep VA funds separate from the ward's other funds, and must provide separate accountings to the VA and the Clerk of Superior Court.





- 1. Federal Fiduciary:** A person appointed by the VA to accept VA benefits on behalf of a veteran who is unable to appropriately manage the benefit payments.
- 2. Spouse-Payee:** A veteran's spouse who is appointed by the VA to accept VA benefits payable to a veteran who is unable to appropriately manage their benefit payments. A Spouse-Payee is a type of Federal Fiduciary.
- 3. Legal Custodian:** A person, other than a veteran's spouse, who is appointed by the VA to accept VA benefits payable to a veteran who is unable to appropriately manage the benefit payments. A Legal Custodian is a type of Federal Fiduciary.
- 4. Incapacitated:** To be impaired by mental or physical illness or disability to the extent that personal decision-making is compromised.



