

POLICY:

In recognizing that the paying of capital credits is a responsibility when the Cooperative becomes financially able, the Board of Trustees has approved the payment of capital credits to estates of deceased members.

PROCEDURE:

A. Payments must be made only to the estates, the legal representatives of the heirs, or the duly authorized representatives thereof, or as provided by law.

1. Capital credits are payable only when a member dies. If a member's spouse dies, and the membership certificate was not issued in both names as a joint membership, then the capital credits are not payable at that time.
2. A member may add a spouse to his/her membership by completing an Application for Membership. The member may--at that time--have the option to transfer the previously accrued capital credits to the joint membership.

B. Application for capital credits must be made on forms supplied by the Cooperative.

C. Each application must be approved by the Board of Trustees.

D. Because payment to estates involves retirement of capital credits before the time those credits would normally be retired, the Cooperative shall apply a discount rate equaling the Cooperative's current cost of capital.

E. Requests for payment to current estates:

1. If request for payment to current estates is withheld to the end of the year, then full ~~payment~~ **allocation for the current year** shall be made at that time **and payment computed according to policy.**
2. If payment to current estates is desired before the year's end, the current allocation will either be forfeited or discounted.
 - (a) If the deceased has been a member of the Cooperative for less than six months of the current year, the credits accumulated during that time will revert to the Cooperative.
 - (b) If the deceased has been a member of the Cooperative for more than six months of the current year, the capital credits will be paid but ~~payment~~ **the estimate of the current year allocation** will be discounted 25% **before the general discount rate is applied.**

E. The Board of Trustees reserves the right to withhold payment of capital credits to estates of deceased members up to the amount of any outstanding charges for services provided by the Cooperative including, but not limited to, delinquent bills, uncollectible accounts that were written off, amounts representing legal judgments against the deceased member, and debts owed the Cooperative through bankruptcy proceedings by the deceased member.



Date Adopted: 04/28/81
Date Revised: 08/25/03
Date Reviewed: 08/25/03

Policy 505
Retirement of Capital Credits to Estates

RESPONSIBILITY:

Manager and Board of Trustees