Updated April 2006

New coverage for retirement accounts

FDIC

Your Insured Deposits

FDIC's Guide to Deposit Insurance Coverage

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Monday through Friday

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Federal Deposit Insurance Corporation

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Foreword

The FDIC – short for the Federal Deposit Insurance Corporation – is an independent agency of the United States government. The FDIC protects depositors against the loss of their insured deposits if an FDIC-insured bank or savings association fails. FDIC insurance is backed by the full faith and credit of the United States government.

If a depositor's accounts at one FDIC-insured bank or savings association total $100,000 or less, the funds are fully insured. A depositor can have more than $100,000 at one insured bank or savings association and still be fully insured provided the accounts meet certain requirements. In addition, federal law provides for insurance coverage of up to $250,000 for "self-directed" retirement accounts.

This guide describes the FDIC's rules for insurance coverage of bank and savings association deposits and answers frequently asked questions about the FDIC's insurance rules. The guide is intended primarily for depositors who need a comprehensive explanation of the FDIC's rules, including the requirements to qualify for more than $100,000 in insurance coverage.

Notice

The information provided in this guide is presented in a non-technical way and is not intended to be a legal interpretation of the FDIC's laws and regulations on insurance coverage. For greater detail concerning the technical aspects of insurance coverage, depositors or their counsel may wish to consult the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) and the FDIC's regulations relating to insurance coverage (12 C.F.R. Part 330).

Federal law expressly limits the amount of insurance the FDIC can pay to depositors and no representation made by any person can increase that coverage.

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FDIC Insurance Basics

The FDIC insures deposits in most banks and savings associations located in the United States. The FDIC protects depositors against the loss of their deposits if an FDIC-insured bank or savings association fails. FDIC insurance is backed by the full faith and credit of the United States government.

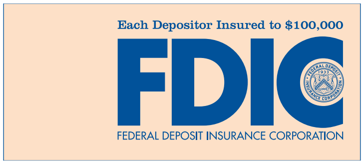
To check whether a bank or savings association is insured by the FDIC, call toll-free at:

1-877-275-3342

or use the FDIC Institution Directory at:

www2.fdic.gov/idasp

or look for one of these signs where deposits are received. (For simplicity, the term "insured bank" is used to mean any bank or savings association that has FDIC insurance.)



What Does FDIC Deposit Insurance Cover?

FDIC insurance covers all types of deposits received at an insured bank, including deposits in checking, NOW, and savings accounts, money market deposit accounts, and time deposits such as certificates of deposit (CDs).

FDIC deposit insurance covers the balance of each depositor's account, dollar-for-dollar, up to the insurance limit, including principal and any accrued interest through the date of the insured bank's closing.

The FDIC does not insure money invested in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if these investments were bought from an insured bank.

The FDIC does not insure U.S. Treasury bills, bonds, or notes. These are backed by the full faith and credit of the United States government.

How Much Insurance Coverage Does the FDIC Provide?

The basic insurance amount is $100,000 per depositor, per insured bank.

The $100,000 amount applies to all depositors of an insured bank except for owners of "self-directed" retirement accounts, which are insured up to $250,000 per owner, per insured bank.

Deposits in separate branches of an insured bank are not separately insured. Deposits in one insured bank are insured separately from deposits in another insured bank.

Deposits maintained in different categories of legal ownership at the same bank can be separately insured. Therefore, it is possible to have deposits of more than $100,000 at one insured bank and still be fully insured.

The following section describe the ownership categories recognized by FDIC regulations and the requirements that must be met to have coverage beyond the basic $100,000 insurance amount.

Ownership Categories

Single Accounts

A single account is a deposit owned by one person. This ownership category includes any deposit account that:

- Is held in one person's name alone
- Is established for one person by an agent, nominee, guardian, custodian, or conservator, including Uniform Transfer to Minors Act accounts, escrow accounts, and brokered deposit accounts

- Is held in the name of a business that is a sole proprietorship (for example, a "DBA account")
- Is established for a decedent's estate
- Fails to qualify for coverage under another ownership category

All single accounts owned by the same person at the same insured bank are added together and the total is insured up to $100,000.

If an individual has a deposit account titled in his or her name alone but gives another person the right to withdraw funds from the account, the account will be insured as a single account only if the insured bank's deposit account records indicate that:

- the other signer is authorized to make withdrawals pursuant to a Power of Attorney, or
- the account is owned by one person and the other person is authorized to withdraw funds on the owner's behalf (i.e., a convenience account)

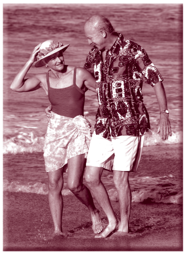
If the insured bank's account records do not indicate that such a relationship exists, the deposit would be insured as a joint account.

Single Account Example

Account Title	Deposit Type	Account Balance
Marci Jones	NOW	$ 5,000
Marci Jones	Savings	20,000
Marci Jones	CD	100,000
Marci's Memories (a sole proprietorship)	Checking	25,000
Total Deposits		**150,000**
Amount Insured		**100,000**
Amount Uninsured		**$ 50,000**

Explanation:
Marci Jones has four single accounts at the same insured bank: three accounts held in her name alone and one account held by her business, which is a sole proprietorship. Funds owned by a sole proprietorship are insured as the single ownership funds of the person who owns the business. Thus, the deposits in all of these accounts are added together and the total balance, $150,000, is insured for $100,000, leaving $50,000 uninsured.

Self-Directed Retirement Accounts



A self-directed retirement account is a retirement account for which the owner, not a plan administrator, has the right to direct how the funds are invested, including the ability to direct that the funds be deposited at a specific FDIC-insured bank.

Types of self-directed retirement accounts include traditional and Roth Individual Retirement Accounts (IRAs), Simplified Employee Pension accounts, "Section 457" deferred compensation plan accounts, self-directed Keogh plan accounts, and self-directed defined contribution plan accounts.

Note:
All "Section 457" deferred compensation plan accounts regardless of whether they are self-directed, are included in this category of coverage.

All self-directed retirement funds owned by the same person in the same FDIC-insured bank are added together and the total is insured up to $250,000.

Naming beneficiaries to a self-directed retirement account does not increase insurance coverage.

A Roth IRA is treated the same as a traditional IRA for deposit insurance purposes. So, if a depositor has both a Roth IRA and a traditional IRA at the same insured bank, the funds in both accounts are added together and insured up to $250,000.

Self-Directed Retirement Account Example

Account Title	Account Balance
Bob Johnson's Roth IRA	$ 110,000
Bob Johnson's IRA	75,000
Total	**185,000**
Amount Insured	**$ 185,000**

Explanation:
Since Bob's total deposits in all self-directed retirement accounts at the same insured bank are less than the $250,000 limit, both IRAs are fully insured.

Joint Accounts

A joint account is a deposit owned by two or more people. To qualify for insurance under this ownership category, all of the following requirements must be met:

1. All co-owners must be people. Legal entities such as corporations, trusts, estates, or partnerships are not eligible for joint account coverage.
2. All co-owners must have equal rights to withdraw funds from the account. For example, if one co-owner can withdraw funds on his or her signature alone but the other co-owner can withdraw funds only with the signature of both co-owners, the co-owners do not have equal withdrawal rights.
3. All co-owners must sign the deposit account signature card unless the account is a CD or is established by an agent, nominee, guardian, custodian, executor or conservator.

If all of these requirements are met, each co-owner's share of every account that is jointly held at the same insured bank is added together with the co-owner's other shares, and the total is insured up to $100,000. The FDIC assumes that all co-owners' shares are equal unless the deposit account records state otherwise.

For example, a husband and wife could have up to $200,000 in one or more joint accounts at the same insured bank and the deposits would be fully insured. The husband's ownership share is insured up to $100,000 and the wife's ownership share is insured up to $100,000.

Insurance coverage of joint accounts is not increased by rearranging the owners' names or by changing the styling of their names. Alternating the use of "or," "and" or "and/or" to separate the names of co-owners in a joint account title also does not affect the amount of insurance coverage provided.

In addition, using different Social Security numbers on multiple accounts held by the same co-owners will not increase insurance coverage.

Joint Account Example

Account Title	Deposit Type	Account Balance
Mary and John Smith	NOW	$ 25,000
John or Mary Smith	Savings	100,000
Mary or John or Robert Smith	CDs	150,000
Total Deposits		**$ 275,000**

Insurance coverage for each owner is calculated as follows:

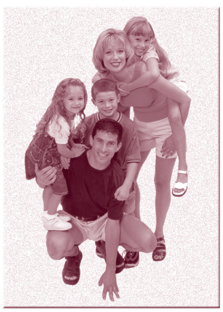
Depositors	Ownership Share	Insured	Uninsured
Mary	$ 112,500	$ 100,000	$ 12,500
John	112,500	100,000	12,500
Robert	50,000	50,000	0
Total	**$ 275,000**	**$ 250,000**	**$ 25,000**

Explanation:
Mary's ownership share in all joint accounts equals 1/2 of the NOW account ($12,500), 1/2 of the savings account ($50,000), and 1/3 of the CD ($50,000), for a total of $112,500. Since her coverage in the joint ownership category is limited to $100,000, $12,500 is uninsured.

John's ownership share in all joint accounts is the same as Mary's, so $12,500 is uninsured.

Robert's ownership share in all joint accounts is 1/3 of the CD, or $50,000, so his share is fully insured.

Revocable Trust Accounts



A revocable trust account is a deposit account that evidences an intention that the funds will belong to one or more named beneficiaries upon the death of the owner (grantor/trustor/settlor).

There are both informal and formal revocable trusts. Informal revocable trusts, often called "payable-on-death" (POD), "totten trust," or "in trust for" (ITF) accounts, are created when the account owner signs an agreement–usually part of the bank's signature card–stating that the funds are payable to one or more beneficiaries upon the owner's death.

Formal revocable trusts–known as "living" or "family" trusts–are written trusts created for estate planning purposes. The owner controls the funds in the trust during his or her lifetime. Upon the owner's death, the trust generally becomes irrevocable.

All deposits that an owner has in both informal and formal revocable trusts are added together for insurance purposes, and the insurance limit is applied to the combined total.

Payable-on-Death (POD) Accounts

The owner of a POD account is insured up to $100,000 for each beneficiary if all of the following requirements are met:

1. The account title must include commonly accepted terms such as "payable-on-death," "in trust for," "as trustee for" or similar language to indicate the existence of a trust relationship. These terms may be abbreviated (for example, "POD," "ITF" or "ATF").
2. The beneficiaries must be identified by name in the deposit account records of the insured bank.
3. The beneficiaries must be "qualifying," meaning that the beneficiaries must be the owner's spouse, child, grandchild, parent, or sibling. Adopted and step children, grandchildren, parents, and siblings also qualify. Others including in-laws, cousins, nieces and nephews, friends, organizations (including charities) and trusts do not qualify.

Example 1

POD account with one owner

Account Title	Account Balance	Amount Insured	Amount Uninsured
Sally Ford POD to son	$ 100,000	$ 100,000	$ 0

Explanation:
The owner of this POD account, Sally Ford, is insured for up to $100,000 since there is one qualifying beneficiary who would receive the funds when the account owner dies.

If a POD account has more than one owner (e.g., husband and wife) or is held for multiple beneficiaries, the insured balance of the account can exceed $100,000. The FDIC will assume that the owners' shares are equal unless the deposit account records state otherwise. Similarly, if there are multiple beneficiaries, the FDIC will assume the beneficiaries' interests are equal unless otherwise stated in the deposit account records.

Example 2

POD accounts with multiple owners and beneficiaries

Account Title	Account Balance	Amount Insured	Amount Uninsured
Husband and Wife POD 3 Children	$ 600,000	$ 600,000	$ 0
Husband POD Wife	100,000	100,000	0
Wife POD Husband	100,000	100,000	0
Husband POD Brother and Father	200,000	200,000	0
Husband and Wife POD Grandchild	300,000	200,000	100,000
Total	**$ 1, 300,000**	**$ 1, 200,000**	**$ 100,000**

Explanation:
All but one POD account is fully insured. The POD account owned by the husband and wife jointly for one grandchild is insured up to $200,000 because each owner is only entitled to $100,000 insurance coverage for each named qualifying beneficiary.

If any of the requirements for coverage in the revocable trust account category are not met:

- The entire amount in the account, or any portion of the account that does not qualify, would be added to the owner's other single accounts, if any, at the same insured bank and insured up to $100,000.
- If the account has more than one owner, the FDIC would insure each owner's share as his or her single account.

Living/Family Trust Accounts

Living or family trust accounts are insured up to $100,000 per owner for each named beneficiary if all of the following requirements are met:

1. The account title at the bank must indicate that the account is held pursuant to a trust relationship. This rule can be met by using the terms "living trust," "family trust," or similar language in the account title.
2. The beneficiaries must be "qualifying" as defined on page 11.

In general, determining insurance coverage for living/family trust accounts is more difficult than for POD accounts because these formal trusts often identify multiple beneficiaries who have unequal or dissimilar interests in the trust. The following section describes how insurance coverage is determined when a living/family trust has multiple beneficiaries with varying trust interests.

1. **If a living trust has multiple beneficiaries, the FDIC will assume the beneficiaries' interests are equal unless otherwise stated in the trust.**

   For example:
   A mother has a living trust leaving all trust deposits equally to her three children. A deposit account held by the trust at an insured bank would be insured up to $300,000 since there are three qualifying beneficiaries who would inherit the trust deposits equally when the owner dies.

2. **Living trust coverage is based on the interests of qualifying beneficiaries who would become entitled to receive trust assets when the trust owner dies (or if the trust is jointly owned, when the last owner dies). This means that, when determining coverage, the FDIC will ignore any trust beneficiary who would have an interest in the trust assets only after another living beneficiary dies.**

   For example:
   Robert Williams has a living trust that leaves all of the trust funds to his son, James. If James predeceases Robert, all funds go equally to James' five children (Robert's grandchildren). While James is still alive, his father's living trust account is insured up to $100,000, because there is one owner with one qualifying beneficiary. However, if James predeceases his father, the five grandchildren become the beneficiaries and Robert's living trust account would be insured up to $500,000. That's because one owner with five qualifying beneficiaries who have equal interests in trust deposits at an insured bank can qualify for insurance coverage of up to $100,000 for each of the five beneficiaries.

3. Some living trusts give a beneficiary the right to receive income from the trust or to use trust assets during the beneficiary's lifetime (known as a life estate interest). When the beneficiary with the life estate interest dies, the remaining assets pass to other beneficiaries. Unless otherwise indicated in the trust, the FDIC will assume that a beneficiary with a life estate interest has an equal share of the trust with the other beneficiaries.

For example:
A husband has a living trust giving his wife a life estate interest in the trust deposits with the remainder going to their two children equally upon his wife's death. The husband's living trust would be insured up to $300,000, since the FDIC's insurance rules recognize the wife and two children as equal beneficiaries. Since there is one trust owner, who has three qualifying beneficiaries, the trust funds at an insured bank would be insured up to $300,000.

4. Some living trusts allocate unequal interests to the beneficiaries. The deposit insurance coverage for these living trusts requires a different calculation.

For example:
A mother has a revocable trust providing that upon her death, the funds pass to her two children, but not on an equal basis – Mary (child 1) has a 2/3 interest and Ed (child 2) has a 1/3 interest.

For this trust's deposits to be fully insured, the funds attributable to the beneficiary with the largest interest cannot exceed $100,000. In this example, Mary's interest in the mother's trust funds cannot exceed $100,000, so the maximum the mother can place at one bank so the funds would be fully insured is $150,000. If the mother's trust funds at one bank total $150,000, Mary's share would be $100,000 (2/3 of $150,000) and Ed's share would be $50,000 (1/3 of $150,000). Since both beneficiaries' interests are within the insurance limit, all of the trust funds are fully insured.

5. If any of the requirements for insurance coverage under the revocable trust account category are not met:

The entire amount in the account, or any portion of the account that does not qualify, would be added to the owner's other single accounts, if any, at the same insured bank and insured up to $100,000.

If the living trust account has more than one owner, the FDIC would insure each owner's share as his or her single account.

For example:
David Stein has a living trust naming his son and nephew as equal beneficiaries of all assets. In this case, the trust has one qualifying beneficiary (the son) and one non-qualifying beneficiary (the nephew). Since one of the requirements for insurance coverage under the revocable trust account category is not met for one beneficiary – that is, one beneficiary is not qualifying – only the portion of David's trust deposits attributable to his son qualifies for insurance coverage as a revocable trust account. The portion of the trust funds attributable to David's nephew is insured as David's single ownership account.

If David has no other revocable trust accounts at the same bank that name his son as a beneficiary, the portion of the trust account discussed above attributable to his son would be insured up to $100,000 in the revocable trust account category.

If David has no other single accounts at the same bank, the portion of the trust account discussed above attributable to his nephew would be insured up to $100,000 as David's single ownership account.

Thus, this trust account could be insured up to $200,000 through a combination of coverage in the single ownership account and revocable trust account category.

The $100,000 per beneficiary insurance limit applies to all formal and informal revocable trust accounts that an owner has at the same bank.

For example:
A father has a POD account naming his son and daughter as equal beneficiaries and he also has a living trust account naming the same beneficiaries. In this case, the funds in both the POD account and living trust account would be added together and the total insured up to $200,000 ($100,000 per owner per qualifying beneficiary).

Irrevocable Trust Accounts

Irrevocable trust accounts are deposits held by a trust established by statute or a written trust agreement in which the grantor (the creator of the trust – also referred to as a trustor or settlor) contributes funds or property and gives up all power to cancel or change the trust.

An irrevocable trust may come into existence upon the death of an owner of a revocable trust (or if a trust has multiple owners, the portion of the trust attributed to the owner who has died). The reason is that the owner no longer can revoke or change the terms of the trust.

The interests of a beneficiary in all deposit accounts established by the same grantor and held at the same insured bank under an irrevocable trust are added together and insured up to $100,000, provided all of the following requirements are met:

1. The insured bank's deposit account records must disclose the existence of the trust relationship.
2. The beneficiaries and their interests in the trust must be identifiable from the deposit account records of the bank or from the records of the trustee. (A beneficiary does not have to be related to the grantor to obtain insurance coverage under the irrevocable trust account category.)
3. The amount of each beneficiary's interest must not be contingent as defined by FDIC regulations.
4. The trust must be valid under state law.

Per beneficiary coverage is **not** available if the grantor retains an interest in the trust. In such case, the amount of the grantor's interest would be added to any single accounts owned by the grantor and the total insured up to $100,000. For this situation to exist, the grantor must be living.

The following are situations where an irrevocable trust would **not** be insured on a per beneficiary basis, resulting in the trust as a whole qualifying for only $100,000 in insurance coverage.

- ☛ The trust agreement does not name the beneficiaries or provide any means of identifying the beneficiaries.
- ☛ The trust agreement provides that a beneficiary will receive no funds unless certain conditions are satisfied.
- ☛ The trust agreement provides that a trustee or a particular beneficiary may invade principal (for example, in the case of medical needs), with the result that the funds available for the other beneficiaries may be reduced or eliminated.
- ☛ The trust agreement provides that a trustee or a particular beneficiary may exercise discretion in allocating funds among the beneficiaries, with the result that the future distribution to each beneficiary is impossible to predict.

Since irrevocable trusts often contain specific conditions that affect the interests of the beneficiaries or provide a trustee or a particular beneficiary with the authority to invade the principal, deposit insurance for an irrevocable trust account often is limited to a total of $100,000.

A grantor or designated trustee(s) of an irrevocable trust account, who is unsure of the provisions of the trust, should consult with a legal or financial advisor.

Employee Benefit Plan Accounts

Employee benefit plan accounts are deposits of a pension plan, profit-sharing plan or other employee benefit plan that is not self-directed.

Employee benefit plan deposits are insured up to $100,000 for each participant's non-contingent interest in the plan.

This coverage is known as "pass-through" insurance because the insurance coverage passes through the plan administrator to each participant's interest or share.

Coverage for a plan's deposits is not based on the number of participants, but rather on each participant's share of the plan. Because plan participants normally have different interests in the plan, insurance coverage cannot be determined by multiplying the number of participants times $100,000.

Example

Employee benefit plan that qualifies for "pass-through" coverage

Account Title	Balance
Happy Pet Clinic Benefit Plan	$285,000

Plan Participants	Plan Share	Share of Deposit	Amount Insured	Amount Uninsured
Dr. Todd	35%	$ 99,750	$ 99,750	$ 0
Dr. Jones	30%	85,500	85,500	0
Tech Evans	20%	57,000	57,000	0
Tech Barnes	15%	42,750	42,750	0
Plan Total	**100%**	**$ 285,000**	**$ 285,000**	**$ 0**

Explanation:
This employee benefit plan can deposit $285,000 in a single insured bank and have all of its participants fully insured. The $285,000 deposit results in Dr. Todd (the largest participant) being insured for $99,750 (35% of $285,000). When Dr. Todd is fully insured, the rest of the participants will be insured, since they have smaller shares of the plan.

Plan participants who want to know more about how a plan's deposits are insured should consult with the plan administrator.

Corporation/Partnership/ Unincorporated Association Accounts

Corporations, partnerships, and unincorporated associations, including for-profit and not-for-profit organizations, are insured under the same ownership category.

To qualify for coverage under this category, a corporation, partnership, or unincorporated association must be engaged in an "independent activity," meaning that the entity is operated primarily for some purpose other than to increase insurance coverage.

Deposits owned by a corporation, partnership, or unincorporated association are insured up to $100,000, separately from the personal accounts of the entity's stockholders, partners, or members.

Accounts owned by the same corporation, partnership, or unincorporated association but designated for different purposes are not separately insured. Instead, such accounts are added together and insured up to $100,000. For example, if a corporation has divisions or units that are not separately incorporated, the deposit accounts of those divisions or units would be added to any other deposit accounts of the corporation and the total insured up to $100,000.

The number of partners, members or signatories that a corporation, partnership, or unincorporated association has does not affect coverage. For example, funds owned by a homeowners association are insured up to $100,000 in total, not $100,000 for each member of the association.

Unincorporated associations typically insured under this category include churches and other religious organizations, community and civic organizations, and social clubs.

Accounts in the names of sole proprietorships (for example, "DBA accounts") are not insured in this category. Rather, they are added to the owner's other single accounts, if any, at the same insured bank and the total is insured up to $100,000. (See page 6.)

Government Accounts

Government accounts are also known as public unit accounts. This category includes deposit accounts of:

- **The United States**
- **Any state, county, municipality (or a political subdivision of any state, county, or municipality), the District of Columbia, Puerto Rico and other government possessions and territories**
- **An Indian tribe**

Insurance coverage of a public unit account differs from a corporation, partnership, and unincorporated association account in that the coverage extends to the official custodian of the funds belonging to the public unit rather than the public unit itself.

Each official custodian of time and savings deposits (including interest-bearing NOW accounts) of a public unit is insured up to $100,000.

Additionally, demand deposits in an insured bank located in the same state as the public unit are separately insured up to $100,000. The same official custodian may receive up to $200,000 in insurance coverage – $100,000 in time and savings deposits and $100,000 in demand deposits – provided the funds are held in an insured bank located in the same state as the public unit.

Demand deposits maintained by an official custodian of the United States will be insured separately from any time deposits maintained by the same custodian at the same insured bank, regardless of the state in which the insured bank is located.

Public unit funds maintained in any out-of-state bank – whether time, savings or demand deposits – are limited to a maximum of $100,000 in coverage per official custodian.

FAQs About FDIC Insurance

General Questions

1. How can a depositor tell whether a bank is insured?

Insured banks must display an official sign at each teller window or station where deposits are regularly received. To find out whether a particular bank or savings association has FDIC insurance coverage, contact the FDIC using one of the resources listed on the back cover of this guide.

2. Whose deposits does the FDIC insure?

Any person or entity can have FDIC deposit insurance in an insured bank located in the United States. A person does not have to be a United States citizen or resident to have deposits insured by the FDIC.

3. Does FDIC insurance protect creditors and shareholders?

FDIC insurance only protects depositors, although some depositors may also be creditors or shareholders of an insured bank.

4. Does the FDIC insure all investments sold by an insured bank?

The FDIC does not insure money invested in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if they were bought from an insured bank.

The FDIC also does not insure U.S. Treasury bills, bonds, or notes, but those are backed by the full faith and credit of the United States government.

5. How long does the FDIC take to pay insurance on deposits after an insured bank fails?

Federal law requires the FDIC to make payment as soon as possible. Historically, the FDIC pays insurance within a few days after a bank closing either by establishing an account at another insured bank or by providing a check. Deposits purchased through a broker may take longer to be paid because the FDIC may need to obtain the broker's records to determine insurance coverage.

Customers with **uninsured** deposits receive the insured portion of their account as described above. They will wait longer to receive payment for some or all of their uninsured funds. The amount of uninsured funds they may receive, if any, is based on the sale of the failed bank's assets. Depending on the quality and value of these assets, it may take several years to sell the assets. As assets are sold, uninsured depositors receive periodic payment on their uninsured deposit claim.

6. Does the FDIC insure an unpaid cashier's check, interest check, money order, or expense check issued by an insured bank?

If a depositor holds one or more of these items from an insured bank, and the insured bank fails before the item has cleared, the FDIC will add the item to any other deposits held in the same ownership category at the same insured bank. For example, an outstanding interest check payable to a depositor will be added to their other single ownership accounts, if any, and the total insured up to $100,000.

7. Does the FDIC insure safe deposit boxes if a bank fails?

The FDIC does not insure safe deposit boxes or their contents. In the event of a bank failure, the FDIC in most cases arranges for an acquiring bank to take over the failed bank's offices, including locations with safe deposit boxes. If no acquirer is found, boxholders would be sent instructions for removing the contents of their boxes.

8. How does the FDIC determine ownership of funds?

The FDIC presumes that funds are owned as shown on the deposit account records of the insured bank. The deposit account records of an insured bank include account ledgers, signature cards, certificates of deposit, passbooks, and certain computer records. Account statements, deposit slips and cancelled checks are not considered deposit account records for purposes of determining deposit insurance coverage.

9. When an insured bank fails, what evidence will the FDIC require to determine the amount of insurance coverage for a living trust account?

If an insured bank fails, the FDIC would look to the account title to determine whether an account is held by a living trust. The FDIC would then ask the owner to provide a copy of the trust document, which the FDIC would review to identify the beneficiaries and determine their interests in the account. The owner also may be required to complete an affidavit attesting to the relationship of the beneficiaries to the trust owner.

Note that to qualify for coverage in the revocable trust account category, the account title must indicate the existence of a trust relationship. This requirement may be met by including the terms "living trust," "family trust" or similar language in the account title, or by including acronyms indicating that the account is held by a trust.

10. Can I increase my insurance coverage by depositing funds with different insured banks?

Deposits with each FDIC-insured bank are insured separately from any deposits at another insured bank. If an insured bank has branch offices, the main office and all branch offices are considered one insured bank – a depositor cannot increase insurance coverage by placing deposits at different branches of the same insured bank. Similarly, deposits held with the Internet division of an insured bank are considered the same as funds deposited with the "brick and mortar" part of the bank, even if the Internet division uses a different name.

11. Can I increase my insurance coverage by dividing my deposits into several different accounts at the same insured bank?

Deposit insurance coverage can be increased only if the accounts are held in different categories of ownership. These categories include single accounts, self-directed retirement accounts, joint accounts and revocable trust accounts. The requirements for obtaining separate insurance coverage in the ownership categories are explained elsewhere in this booklet.

12. Can I increase coverage for my joint accounts by using a different co-owner's Social Security number on each account or changing the way the owners' names are listed on the accounts?

Using different Social Security numbers, rearranging the order of names listed on accounts, or substituting "and" for "or" in joint account titles does not affect the amount of insurance coverage available to co-owners of joint accounts.

Death of an Account Owner or Beneficiary

13. What happens to deposit insurance coverage after an account owner dies?

The FDIC insures a deceased person's accounts as if they were still alive for another six months. During this grace period, the insurance coverage of the owner's accounts will not change unless the accounts are restructured by those authorized to do so. Also, the FDIC will not apply this grace period if it would result in less coverage.

14. How does the death of a beneficiary of a POD account (informal revocable trust) affect insurance coverage?

There is no grace period if a beneficiary (or all beneficiaries) of a POD account passes away. Insurance coverage for the funds in the account would immediately be reduced. For example: A mother has deposited $200,000 in a POD account at an insured bank with her children named as the beneficiaries (the children have equal beneficiary interests) in the account records of the bank. While the owner and all beneficiaries are alive, the account is insured up to $200,000. Upon the death of one beneficiary, the mother's deposit insurance coverage in the POD account is immediately reduced to $100,000 and $100,000 is uninsured. There is no grace period to allow the owner to restructure the account.

15. How does the death of a beneficiary of a living trust account (formal revocable trust) affect insurance coverage?

Like informal revocable trusts, the six-month grace period does not apply to the death of a beneficiary named in a formal revocable trust account. Unlike informal revocable trusts, the terms of the formal revocable trust may provide for a successor beneficiary or some other redistribution of the trust funds. Depending on these terms, the insurance coverage may or may not change. For more information, contact the FDIC using one of the resources listed on the back cover of this guide.

Merger of Insured Banks

16. What happens to my coverage if I have deposits at two insured banks that merge?

When two or more insured banks merge, the deposits from the assumed bank continue to be insured separately for at least six months after the merger. This grace period gives a depositor the opportunity to restructure his or her accounts, if necessary.

CDs from the assumed bank are separately insured until the earliest maturity date after the end of the six-month grace period. CDs that mature during the six-month period and are renewed for the same term and in the same dollar amount (either with or without accrued interest) continue to be separately insured until the first maturity date after the six-month period. If a CD matures during the six-month grace period and is renewed on any other basis, it would be separately insured only until the end of the six-month grace period.

Fiduciary Accounts

17. What are fiduciary accounts?

These are deposit accounts owned by one party but held in a fiduciary capacity by another party. Fiduciary relationships may include, but are not limited to, an agent, nominee, guardian, executor, or custodian. Common fiduciary accounts include Uniform Transfer to Minors Accounts, escrow accounts, Interest On Lawyer Trust Accounts (IOLTA), and deposit accounts obtained through a broker.

18. What are the FDIC disclosure requirements for fiduciary accounts?

The fiduciary nature of the account must be disclosed in the bank's deposit account records (e.g., "Jane Doe as Custodian for Susie Doe" or "First Real Estate Title Company, Client Escrow Account"). The name and ownership interest of each owner in the account must be ascertainable from the deposit account records of the insured bank or from records maintained by the agent (or by some person or entity that has agreed to maintain records for the agent).

Special disclosure rules apply to multi-tiered fiduciary relationships. If an agent pools the funds of several owners into one account and the disclosure rules are satisfied, the funds of each owner will be insured as that owner's funds.

19. How does the FDIC insure funds deposited by a fiduciary?

Funds deposited by a fiduciary on behalf of one or more persons or entities (the owner) are insured as the deposits of the owner if the fiduciary meets the disclosure requirements for fiduciary accounts. (See no.18.)

20. Would funds deposited with a fiduciary be insured separately from the owner(s) other account?

Funds deposited by a fiduciary on behalf of one or more persons or entities (the owner) would be added to any other deposits of the owner (or owners) at the same insured bank and the total would be subject to the insurance limit for the applicable ownership category.

For example: A broker purchases a CD for $100,000 on a depositor's behalf at ABC Bank in his or her name alone and the depositor already has a checking account in his or her name alone at that same bank for $15,000. The two accounts would be added together and insured up to a total of $100,000 in the single ownership account category, with $15,000 uninsured.

21. How does FDIC insurance cover funds deposited for a deceased person's estate?

Funds deposited by an executor or administrator for a deceased person's estate are added to any funds maintained in the name of the deceased person at the same bank, if any, and the total is insured up to $100,000. Funds belonging to the estate of the deceased person, whether held in the name of the deceased or deposited by the executor or administrator, are insured separately from the funds owned by the executor, administrator, or beneficiaries of the estate. Decedent accounts are not insured on a per-beneficiary basis; they are insured up to $100,000 as the funds of the estate.