

## Chapter 3: Informal Revocable Trusts

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Informal revocable trusts are commonly known as “payable on death” (POD) accounts, “in trust for” (ITF) accounts, “as trustee for” (ATF) accounts, “transfer on death” (TOD) accounts, or Totten trust accounts. These informal trusts 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. POD accounts are governed solely by the terms of the signature card or other deposit contract between the owner and the bank.

The establishment of a qualifying beneficiary trust relationship is necessary to be eligible for FDIC insurance coverage of a deposit under the revocable trust account category. A trust relationship qualifying for FDIC deposit insurance coverage is established when the account owner names a qualifying beneficiary who will receive the funds when the owner dies. The maximum amount of deposit insurance coverage is up to \$100,000 based on this relationship.

Informal revocable trust deposits are insured up to \$100,000 per owner for each qualifying beneficiary if all of the FDIC’s recordkeeping requirements for informal revocable trust accounts (see below) are met. FDIC rules place no limit on the number of qualifying beneficiaries that an account owner may designate for a revocable trust deposit.

### Qualifying Beneficiary Requirement

The beneficiaries for informal revocable trusts must specifically meet the definition of a qualifying beneficiary under the FDIC regulations. A qualifying beneficiary is defined as the owner’s spouse, child, grandchild, parent or sibling. In determining whether a beneficiary is a qualifying beneficiary, the FDIC applies the following rules:

- Spouse only means a person of the opposite sex who is a husband or wife, under the federal Defense of Marriage Act (1 U.S.C. § 7)
- Child includes a biological child, adopted child and step-child
- Grandchild includes a biological grandchild, adopted grandchild and step-grandchild
- Parent includes a biological parent, adoptive parent and step-parent
- Sibling includes an adoptive sibling, step-sibling and half-sibling

***Any beneficiary who does not meet the kinship requirement described above is a non-qualifying beneficiary for the purpose of FDIC deposit insurance coverage.***

All of the following relationships are examples of non-qualifying beneficiaries for the purpose of FDIC deposit insurance coverage:

- In-laws (mother-in-law, father-in-law, brother-in-law, etc.)
- Aunts, uncles, nieces, nephews, cousins
- Former spouse
- Great-grandchild
- Grandparent
- Godchild
- Domestic partner
- Charitable organization (for example, universities, religious organizations)
- Business entities
- Pets
- Trusts

Sometimes the owner of an informal revocable trust account will identify an alternate beneficiary – that is, an individual who would receive a beneficiary's interest in the deposit account if the named beneficiary were to die before the account owner. **Alternate beneficiaries are not recognized by the FDIC for the purpose of insurance coverage of informal revocable trusts.** The designation of an alternate beneficiary does not affect FDIC deposit insurance coverage.

Note that the FDIC's deposit insurance rules in no way preclude a depositor from establishing a revocable trust for a non-qualifying beneficiary. The FDIC's rules only affect the insurance coverage that is available for such deposits. Even though a revocable trust account naming a non-qualifying beneficiary is insured by the FDIC as the owner's single funds (rather than as a revocable trust account), the account still would function as a testamentary account and the bank would ensure that the funds pass to the named beneficiaries if the owner were to die.

## FDIC Recordkeeping Requirements

To qualify for FDIC deposit insurance coverage under the revocable trust category, an informal revocable trust deposit must meet *all* of the following requirements:

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 testamentary nature of the account. These terms may be abbreviated as POD, ITF or ATF.
2. The beneficiaries must be identified by name in the deposit account records of the bank.

## When FDIC Requirements Are Not Met

If any of the requirements described above for an informal revocable trust account are not met, the entire amount in the account, or any portion of the account that does not qualify for revocable trust coverage, would be insured as the owner's single account. If the owner has any other single accounts at the same bank, the total of all the owner's single accounts would be combined and insured up to \$100,000.

## When Non-qualifying Beneficiaries Are Named

One of the most important concepts in calculating deposit insurance coverage for revocable trusts is the effect that listing non-qualifying beneficiaries has on insurance coverage. Generally, a deposit is only eligible for FDIC deposit insurance coverage under one FDIC ownership category. For trust deposits, two deposit insurance categories will apply when both qualifying and non-qualifying beneficiaries are named. In this situation, the portion of the deposit attributable to the qualifying beneficiaries is covered under the revocable trust category and the portion attributable to the non-qualifying beneficiaries is covered under the single ownership category.

When a non-qualifying beneficiary is named under either an informal or formal revocable trust deposit, the portion of the deposit attributable to the non-qualifying beneficiary is insured under the single ownership category. The FDIC refers to this situation as a *reversion* of the non-qualifying deposit funds to another insurance category – in this case from the revocable trust category to the single ownership category. The reason for the reversion is the failure to meet the kinship requirements for coverage under the revocable trust category.

## **Make Sure Account Records Are Accurate**

If an owner of deposit funds wishes to establish an account with the testamentary intent that the beneficiaries will be legally entitled to the deposit funds when the owner dies, the account will be insured as an informal revocable trust only if the FDIC regulatory requirements, described above, are met. It is therefore important in opening new accounts to avoid any ambiguity in the bank records about whether the account is intended to be a revocable trust account.

The FDIC sometimes sees situations where the bank's account records indicate that the deposit is both a single account and a POD/ITF account. Similarly, some account records identify a jointly owned informal revocable trust account as both a joint account and a POD/ITF account. This situation creates confusion about the actual ownership capacity of the funds that could result in the depositor having unintended uninsured funds if the bank were to fail.

## **Calculating Coverage for Informal Revocable Trust Deposits**

To determine the amount of deposit insurance coverage available for informal revocable trust deposits, the following six questions must be answered:

1. *Who are the owners of the deposit?*
2. *How many beneficiaries are named?*
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?*
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?*
5. *Do all named beneficiaries have an equal beneficiary interest?*
6. *Does the deposit account title include “POD” or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?*

Examples of revocable trusts with different owner/beneficiary scenarios are the best way to explain how these six questions are used to determine FDIC insurance coverage for informal revocable trust deposits. Examples 1 through 15, which follow in this chapter, illustrate the process for calculating coverage for informal revocable trusts using this six-step process.

**Example 1  
Informal Revocable Trust/POD Account  
One Owner and One Qualifying Beneficiary  
(Beneficiary Has 100% Interest)**

Account Title	Balance
John Smith POD to Jack Smith (son)	\$100,000

**Facts:** John Smith wishes to establish a deposit account that names his son Jack Smith (living) as the sole beneficiary of the deposit upon his death. This is the only revocable trust account that John Smith has at the bank naming his son, Jack Smith, as beneficiary.

**Analysis:**

1. *Who are the owners of the deposit?* There is one owner: John Smith
2. *How many beneficiaries are named?* One beneficiary, Jack Smith, is named.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* The beneficiary is the owner's son and is therefore a qualifying beneficiary.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Yes.
5. *Do all named beneficiaries have an equal beneficiary interest?* There is only one beneficiary, so he has a 100% interest in the POD account.
6. *Does the deposit account title include “POD” or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* John Smith can successfully meet this requirement by establishing an informal revocable trust deposit using testamentary language such as payable on death (or the abbreviation, POD) or similar testamentary language. An account titled “John Smith POD Jack Smith” would meet the requirement.

**Coverage for Example 1 can be stated as:**

Owner to Beneficiary	Ownership Share	Insured Amount
John POD to Jack (son)	\$100,000	\$100,000
<b>Total</b>	<b>\$100,000</b>	<b>\$100,000</b>

This POD account is insured up to \$100,000 in the revocable trust category since (1) there is one owner and one qualifying beneficiary who will receive the deposit when the owner dies and (2) John Smith does not have any other deposits at the same bank.

**Example 2**  
**Informal Revocable Trust/POD Account**  
**One Owner and Two Equal Qualifying Beneficiaries**  
**(Each Beneficiary Has a 50% Interest)**

Account Title	Balance
John Smith POD to Jack (son) and Kathy (daughter)	\$200,000

**Facts:** John Smith wishes to establish a deposit account naming his son, Jack, and daughter, Kathy, as equal beneficiaries upon his death. He can successfully do this by establishing an informal revocable trust deposit using testamentary language such as payable on death (POD) or similar testamentary language. The owner and both beneficiaries are alive. This is the only revocable trust account that John Smith has at the bank naming his son, Jack Smith, and daughter, Kathy Smith, as beneficiaries.

**Analysis:**

1. *Who are the owners of the deposit?* There is one owner: John Smith.
2. *How many beneficiaries are named?* Two equal beneficiaries are named.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* The beneficiaries are the owner's son and daughter. Children are qualifying beneficiaries.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Yes.
5. *Do all named beneficiaries have an equal beneficiary interest?* The beneficiaries' interests are assumed equal unless there is a specific notation in the account records of the bank.
6. *Does the deposit account title include "POD" or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* John Smith can successfully meet this requirement by establishing an informal revocable trust deposit using testamentary language such as payable on death (POD) or similar testamentary language. An account titled "John Smith POD to Jack and Kathy Smith" would meet the requirement.

<b>Coverage for Example 2 can be stated as:</b>		
Owner to Beneficiary	Ownership Share	Insured Amount
John POD to Jack (son)	\$100,000	\$100,000
John POD to Kathy (daughter)	\$100,000	\$100,000
<b>Total</b>	<b>\$200,000</b>	<b>\$200,000</b>

The POD account is insured up to \$200,000 in the revocable trust category since (1) there is one owner and two qualifying beneficiaries who will receive the deposit when the owner dies and (2) John Smith does not have any other revocable trust accounts at the same bank naming his son and daughter as beneficiaries.

**Example 3**  
**Informal Revocable Trust/POD Account**  
**One Owner and Three Equal Qualifying Beneficiaries**  
**(Each Beneficiary Has a One-Third Interest)**

Account Title	Balance
John Smith POD to Jack Smith (son) and Kathy Smith (daughter) and Patricia Smith (grandchild)	\$300,000

**Facts:** John Smith wishes to establish a deposit account that names his son, Jack, his daughter, Kathy, and his grandchild, Patricia, as equal co-beneficiaries of the deposit upon his death. The owner and all three beneficiaries are alive. This is the only revocable trust account that John Smith has at this bank naming his son, daughter and grandchild as beneficiaries.

**Analysis:**

1. *Who are the owners of the deposit?* There is one owner: John Smith.
2. *How many beneficiaries are named?* Three equal beneficiaries are named.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* The beneficiaries are the owner's son, daughter and grandchild. They are all qualifying beneficiaries.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Yes.
5. *Do all named beneficiaries have an equal beneficiary interest?* The beneficiaries' interests are assumed equal unless there is a specific notation in the account records of the bank.
6. *Does the deposit account title include "POD" or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* An account titled "John Smith POD Jack Smith, Kathy Smith and Patricia Smith" would meet the FDIC requirement.

<b>Coverage for Example 3 can be stated as:</b>		
Owner to Beneficiary	Ownership Share	Insured Amount
John POD to Jack (son)	\$100,000	\$100,000
John POD to Kathy (daughter)	\$100,000	\$100,000
John POD to Patricia (grandchild)	\$100,000	\$100,000
<b>Total</b>	<b>\$300,000</b>	<b>\$300,000</b>

John Smith's POD account is insured up to \$300,000 in the revocable trust category since (1) there is one owner and three qualifying beneficiaries who will receive the deposit when the owner dies and (2) John Smith does not have any other revocable trust accounts at the same bank naming his son, daughter and grandchild as beneficiaries.

**Example 4**  
**Husband and Wife Co-owners of an Informal Revocable Trust Account**  
**Two Qualifying Beneficiaries**  
**(Each Beneficiary Has a 50% Interest)**

Account Title	Balance
Mark and Paula Miller POD to George and Brian (the owners' sons)	\$400,000

**Facts:** Mark and Paula Miller (husband and wife) are co-owners of a POD account for \$400,000 that names their children, George and Brian, as equal co-beneficiaries of the deposit funds. Everyone named is alive. The couple has no other revocable trust deposits at the bank.

**Analysis:**

1. *Who are the owners of the deposit?* There are two co-owners: Mark and Paula Miller.
2. *How many beneficiaries are named?* There are two equal beneficiaries: George and Brian Miller.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* The couple's children are qualifying beneficiaries for both owners.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Yes.
5. *Do all named beneficiaries have an equal beneficiary interest?* The beneficiaries' interests are assumed equal unless there is a specific notation in the account records of the bank.
6. *Does the deposit account title include "POD" or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* An account titled "Mark and Paula Miller POD George Miller and Brian Miller" would satisfy this requirement.

**Coverage for Example 4 can be stated as:**

- Mark's ownership share of the deposit = \$200,000
- Paula's ownership share of the deposit = \$200,000

Owner to Beneficiary	Ownership Share	Insured Amount
Mark POD to George	\$100,000	\$100,000
Mark POD to Brian	100,000	100,000
Paula POD to George	100,000	100,000
Paula POD to Brian	100,000	100,000
<b>Total</b>	<b>\$400,000</b>	<b>\$400,000</b>

In this example, each beneficiary is to receive an equal share of the deposit upon the death of the owners. The maximum fully insured amount from a specific owner to a specific qualifying beneficiary of \$100,000 is allowed for a total insured deposit of \$400,000. As long as the beneficiaries are qualifying as to both owners, each additional qualifying beneficiary named would increase the amount of deposit insurance by \$200,000.

**Example 5**  
**Husband and Wife Co-owners of an Informal Revocable Trust Account**  
**Three Qualifying Beneficiaries With Equal (One-Third) Interests**

Account Title	Balance
Mark and Paula Miller POD to George (son), Brian (son) and Sarah (daughter)	\$600,000

**Facts:** Mark and Paula Miller (husband and wife) have a POD account for \$600,000 that names their children (George, Brian and Sarah) as equal co-beneficiaries of the trust. Everyone named is alive. This is the only revocable trust deposits that the Miller’s have at this bank.

**Analysis:**

1. *Who are the owners of the deposit?* There are two owners: Mark and Paula Miller.
2. *How many beneficiaries are named?* Three beneficiaries – George, Brian and Sarah – are named.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* The couple’s children are qualifying beneficiaries for both owners.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Yes.
5. *Do all named beneficiaries have an equal beneficiary interest?* The beneficiaries’ interests are assumed equal unless there is a specific notation in the account records of the bank.
6. *Does the deposit account title include “POD” or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries:?* This requirement can be met by establishing an informal revocable trust deposit using testamentary language such as payable on death (POD) or similar testamentary language. An account titled “Mark and Paula Miller POD George Miller, Brian Miller and Sarah Miller” would be acceptable.

**Coverage for Example 5 can be stated as:**

- Mark’s ownership share of the deposit = \$300,000
- Paula’s ownership share of the deposit = \$300,000

Owner to Beneficiary	Ownership Share	Insured Amount
Mark POD to George	\$100,000	\$100,000
Mark POD to Brian	100,000	100,000
Mark POD to Sarah	100,000	100,000
Paula POD to George	100,000	100,000
Paula POD to Brian	100,000	100,000
Paula POD to Sarah	100,000	100,000
<b>Total</b>	<b>\$600,000</b>	<b>\$600,000</b>

In this example, each beneficiary is to receive an equal share of the deposit upon the death of the owners. The maximum fully insured amount from a specific owner to a specific qualifying beneficiary of \$100,000 is allowed for a total insured deposit of \$600,000. As long as the beneficiaries are qualifying as to both owners, each additional qualifying beneficiary named would increase the amount of deposit insurance by \$200,000.



**Example 6**  
**One Owner with Two Accounts:**  
**One Single Account and One POD Account with Non-qualifying Beneficiary**  
**(Beneficiary Has 100% Interest in the POD Account)**

Account #	Account Title	Balance
Account 1	Elizabeth Brown POD Linda Jones (niece)	\$100,000
Account 2	Elizabeth Brown (single ownership)	10,000

**Facts:** Elizabeth Brown has a POD account for \$100,000 naming her niece, Linda Jones, as beneficiary. Elizabeth also has a demand deposit in her name alone with \$10,000 at the same bank. Elizabeth Brown and her niece are both alive. These are the only deposit accounts that Elizabeth Brown has at the bank.

**Analysis:**

1. *Who are the owners of the deposits?* There is one owner of both accounts: Elizabeth Brown.
2. *How many beneficiaries are named?* One account – the POD account – names one beneficiary, who is the account owner's niece. The second account is a single ownership account and, thus, does not have any beneficiaries.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* The beneficiary of the POD account is the owner's niece. A niece is not a qualifying beneficiary.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Yes.
5. *Do all named beneficiaries have an equal beneficiary interest?* There is only one beneficiary, so it is assumed she has a 100% interest in the POD account.
6. *Does the deposit account title include “POD” or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* An account titled “Elizabeth Brown POD Linda Jones” would meet the FDIC requirement.

**Coverage for Example 6 can be stated as:**

Account #	Account Title	Balances	Single Account	Insured Amount	Uninsured Amount
Account 1	Elizabeth Brown POD Linda Jones (niece)	\$100,000	} \$110,000	\$100,000	\$10,000
Account 2	Elizabeth Brown (single ownership)	10,000			

Since a niece is not a qualifying beneficiary, there is no deposit insurance coverage under the revocable trust category. When the depositor does not meet the requirements under the revocable trust category because a non-qualifying beneficiary (such as a niece) is named as beneficiary, the result is the funds attributable to the non-qualifying beneficiary (\$100,000) will revert to the owner's (Elizabeth's) single ownership category for the purpose of calculating FDIC deposit insurance coverage.

The \$100,000 that reverted to the single ownership category for Elizabeth will be added to her \$10,000 demand deposit account for a total of \$110,000 in the single ownership category. This means \$100,000 is insured and \$10,000 is uninsured in the single ownership category.

**Example 7**  
**One Owner with Two Accounts:**  
**One Single Account and One POD Account with Two Non-qualifying Beneficiaries**  
**(Each Beneficiary Has a 50% Interest)**

Account #	Account Title	Balance
Account 1	Carol Thompson POD Helen Campbell (niece) & George Thompson (nephew)	\$200,000
Account 2	Carol Thompson (single ownership)	25,000

**Facts:** Carol Thompson has a POD account for \$200,000 naming her niece, Helen Campbell, and her nephew, George Thompson, as equal beneficiaries. Carol also has a demand deposit in her name alone with \$25,000 at the same bank. The owner and beneficiaries are living. These are the only deposits Carol Thompson has at the bank.

**Analysis:**

1. *Who are the owners of the deposit?* There is one owner: Carol Thompson.
2. *How many beneficiaries are named?* There are two beneficiaries named on the POD account. The other account is a single ownership account in Carol Thompson's name.
3. *Are the beneficiaries of the POD account qualifying or non-qualifying beneficiaries?* The beneficiaries are the owner's niece and nephew. A niece and nephew are not qualifying beneficiaries.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Yes.
5. *Do all named beneficiaries have an equal beneficiary interest?* The beneficiaries' interests are assumed equal unless there is a specific notation in the account records of the bank.
6. *Does the deposit account title include "POD" or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* An account titled "Carol Thompson POD Helen Campbell and George Thompson" would satisfy the FDIC requirement.

**Coverage for Example 7 can be stated as:**

Account #	Account Title	Balances	Single Account	Insured Amount	Uninsured Amount
Account 1	Carol Thompson POD Helen Campbell (niece) and George Thompson (nephew)	\$200,000	} \$225,000	} \$100,000	\$125,000
Account 2	Carol Thompson (single ownership account)	25,000			

Since a niece and nephew are not qualifying beneficiaries, there is no FDIC coverage under the revocable trust category. When the depositor does not meet the requirements for revocable trust account coverage because non-qualifying beneficiaries are named, the deposits attributable to the non-qualifying beneficiaries (\$200,000) revert to the owner's single ownership category for calculation of FDIC deposit insurance coverage. The \$200,000 POD deposit is added to Carol's \$25,000 demand deposit account for a total of \$225,000 in the single ownership category. This means \$100,000 is insured and \$125,000 is uninsured in the single ownership category.

**Example 8**  
**Husband and Wife Co-Owners of an Informal Revocable Trust Account**  
**No Qualifying Beneficiaries**

Account Title	Balance
Jennifer and Robert Brown POD to Betty Harris (Jennifer's niece) and Billy Brown (Robert's nephew)	\$400,000

**Facts:** Jennifer and Robert Brown (husband and wife) have a POD account for \$400,000 that names Elizabeth's niece, Betty Harris, and Robert's nephew, Billy Brown, as equal beneficiaries of the trust. Jennifer and Robert are equal co-owners. Thus, for FDIC purposes, Jennifer and Robert each own one-half of the POD account. This is the only deposit that Jennifer and Robert Brown have at the bank.

**Analysis:**

1. *Who are the owners of the deposit?* There are two equal co-owners: Jennifer and Robert Brown.
2. *How many beneficiaries are named?* Two beneficiaries are named for each co-owner.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* A niece and nephew are not qualifying beneficiaries for either co-owner.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Yes.
5. *Do all named beneficiaries have an equal beneficiary interest?* The beneficiaries' interests are assumed equal unless there is a specific notation in the account records of the bank.
6. *Does the deposit account title include "POD" or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* An account titled "Jennifer and Robert Brown POD Betty Harris and Billy Brown" would meet the FDIC requirement.

**Coverage for Example 8 can be stated as:**

- Jennifer's ownership share of the deposit = \$200,000
- Robert's ownership share of the deposit = \$200,000

Ownership to Beneficiary	Ownership Share	Revocable Trust Account	Single Account	Insured Amount	Uninsured Amount
Jennifer Brown POD Betty Harris and Billy Brown	\$200,000	\$0	\$200,000	\$100,000	\$100,000
Robert Brown POD Betty Harris and Billy Brown	200,000	0	200,000	100,000	100,000
<b>Total</b>	<b>\$400,000</b>	<b>\$0</b>	<b>\$400,000</b>	<b>\$200,000</b>	<b>\$200,000</b>

Neither beneficiary is a qualifying beneficiary, so the deposit is not insured under the revocable trust ownership category. The result is that \$200,000 will revert to Robert's single account category and \$200,000 will revert to Jennifer's single account category for FDIC insurance purposes. Since the couple has no other deposits at the bank, they each will be insured for \$100,000 in the single accounts category, and \$100,000 of each owner's funds will be uninsured. Note that the uninsured amount would be higher if either owner had other single accounts at the bank.

**Example 9**  
**Husband and Wife Co-Owners of an Informal Revocable Trust Account**  
**Qualifying and Non-Qualifying Beneficiaries**  
**(Each Beneficiary Has a 50% Interest)**

Account Title	Balance
Michelle and Jeff Evans POD to Kimberly and Jason Evans (Jeff's mother and father)	\$400,000

**Facts:** Michelle and Jeff Evans (husband and wife) have a POD account for \$400,000 that names Jeff's parents, Kimberly and Jason Evans, as equal co-beneficiaries of the trust. Everyone named is alive. This is the only deposit account that Michelle and Jeff Evans have at the bank.

**Analysis:**

1. *Who are the owners of the deposit?* There are two owners: Michelle and Jeff Evans.
2. *How many beneficiaries are named?* Two beneficiaries – Kimberly and Jason Evans – are named.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* Jeff's parents are both qualifying beneficiaries for Jeff but they are not qualifying beneficiaries for Michelle.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Yes.
5. *Do all named beneficiaries have an equal beneficiary interest?* The beneficiaries' interests are assumed equal unless there is a specific notation in the account records of the bank.
6. *Does the deposit account title include "POD" or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* An account titled "Michelle and Jeff Evans POD Kimberly and Jason Evans" would be acceptable.

**Coverage for Example 9 can be stated as:**

- Michelle's ownership share of the deposit = \$200,000
- Jeff's ownership share of the deposit = \$200,000

Ownership to Beneficiary	Ownership Share	Revocable Trust Account	Single Account	Insured Amount	Uninsured Amount
Jeff POD to Jason(father)	\$100,000	\$100,000	\$ 0	\$100,000	\$ 0
Jeff POD to Kimberly (mother)	100,000	100,000	0	100,000	0
Michelle POD to Jason (father-in-law)	100,000	0	100,000	} 100,000	} 100,000
Michelle POD to Kimberly (mother-in-law)	100,000	0	100,000		
<b>Total</b>	<b>\$400,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$300,000</b>	<b>\$100,000</b>

If the beneficiaries are qualifying for one owner but not for the other owner, the interests of the qualifying beneficiaries would be insured under the revocable trust account category and the interests of the non-qualifying beneficiaries would be insured as the owner's single account.

Since Jeff's mother and father are qualifying beneficiaries for him, his half of the deposit – \$200,000 – is fully insured under the revocable trust ownership category. Since in-laws are not qualifying beneficiaries, Michelle's half of the deposit – \$200,000 – reverts to the single ownership category. Assuming Michelle has no other single ownership deposits at the bank, then \$100,000 would be insured and \$100,000 would be uninsured.

This example illustrates what can happen from an insurance standpoint when the beneficiaries listed on a revocable trust account are qualifying for one owner but not the co-owner. Kimberly and Jason are qualifying beneficiaries for Jeff, but they are Michelle's mother-in-law and father-in-law and, thus, are not qualifying beneficiaries for Michelle. Depositors should remember that when there are two owners of a revocable trust deposit, the beneficiaries must be qualifying for both owners or they run the risk of uninsured funds.

<b>Example 10 Husband and Wife Co-Owners of an Informal Revocable Trust Account Qualifying and Non-Qualifying Beneficiaries (Each Beneficiary Has 50% Interest)</b>	
<b>Account Title</b>	<b>Balance</b>
Michelle and Jeff Evans POD to Kimberly and Jason Evans (Jeff's mother and father)	\$200,000

**Facts:** Assume the same set of facts as in Example 9, but the deposit balance is only \$200,000. What is the maximum amount of deposits that Michelle and Jeff can have at one bank using this titling and still be fully covered by FDIC insurance?

<b>Coverage for Example 10 can be stated as:</b>					
<ul style="list-style-type: none"> <li>• Michelle's ownership share of the deposit = \$100,000</li> <li>• Jeff's ownership share of the deposit = \$100,000</li> </ul>					
<b>Ownership to Beneficiary</b>	<b>Ownership Share</b>	<b>Revocable Trust Account</b>	<b>Single Account</b>	<b>Insured Amount</b>	<b>Uninsured Amount</b>
Jeff POD to Jason (father)	\$ 50,000	\$ 50,000	\$ 0	\$ 50,000	\$0
Jeff POD to Kimberly (mother)	50,000	50,000	0	50,000	0
Michelle POD to Jason (father-in-law)	50,000	0	50,000	50,000	0
Michelle POD to Kimberly (mother-in-law)	50,000	0	50,000	50,000	0
<b>Total</b>	<b>\$200,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$200,000</b>	<b>\$0</b>

If Jeff and Michelle want their deposits to have full FDIC insurance coverage, the maximum amount they can deposit at one bank, designating Jeff's parents as POD beneficiaries, is \$200,000. One-half of the funds in the account would be attributed to Michelle. Michelle's share would be insured in the single ownership category because the beneficiaries are non-qualifying beneficiaries for Michelle. Therefore, if the couple wants the deposit account to be insured in full, Michelle's one-half share may not exceed \$100,000. If one-half of the account is \$100,000, then the entire account balance – \$200,000 – is fully insured.

**Example 11**  
**Multiple Informal Revocable Trust Accounts**  
**With One Common Owner and One Common Beneficiary**

<b>Account #</b>	<b>Account Title</b>	<b>Balance</b>
Account 1	Paul & Lisa Wilson (parents) POD to John & Sharon (children)	\$400,000
Account 2	Lisa Wilson POD to Sharon (child) and Bill (grandchild)	200,000

**Facts:** Paul and Lisa Wilson (husband and wife) have an informal revocable trust account that is payable on death to their two children, John and Sharon. The account balance is \$400,000. Lisa recently opened a second deposit account for \$200,000 that names Sharon and her grandson, Bill, as equal beneficiaries. Lisa believes that these two accounts are insured separately and are covered in full by FDIC insurance.

**Analysis:**

1. *Who are the owners of the deposit?* One account has two owners: Paul and Lisa Wilson. The second account has one owner: Lisa Wilson.
2. *How many beneficiaries are named?* The POD account co-owned by Paul and Lisa names John and Sharon, the couple's children, as beneficiaries. The POD account owned by Lisa names her daughter, Sharon, and her grandchild, Bill, as beneficiaries.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* The beneficiaries are the children and a grandchild of the account owners and, thus, are qualifying beneficiaries.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Yes.
5. *Do all named beneficiaries have an equal beneficiary interest?* The beneficiaries' interests are assumed equal unless there is a specific notation in the account records of the bank.
6. *Does the deposit account title include "POD" or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* Accounts titled as "Paul & Lisa Wilson POD John and Sharon" and "Lisa Wilson POD Sharon and Bill" would meet the FDIC requirement.

**Coverage for Example 11 can be stated as:**

<b>Account #</b>	<b>Owner to Beneficiary</b>	<b>Share of Account 1</b>	<b>Share of Account 2</b>	<b>Insured Amount</b>	<b>Uninsured Amount</b>
Account 1	Paul POD to John	\$100,000	\$ 0	\$100,000	\$ 0
Account 1	Paul POD to Sharon	100,000	0	100,000	0
Account 1	Lisa POD to John	100,000	0	100,000	0
Account 1 & 2	Lisa POD to Sharon	100,000	100,000	100,000	100,000
Account 2	Lisa POD to Bill	0	100,000	100,000	0
<b>Total</b>		<b>\$400,000</b>	<b>\$200,000</b>	<b>\$500,000</b>	<b>\$100,000</b>

All revocable trust accounts belonging to an owner at the same bank are added together for FDIC insurance purposes, and the combined total is insured up to \$100,000 per owner per qualifying beneficiary. When an account owner names the same qualifying beneficiary on more than one informal revocable trust account at the same bank, all deposits designated for that beneficiary are added together and insured up to \$100,000. Since Sharon was named as a beneficiary of Lisa Wilson on multiple accounts, the amounts attributable to Sharon for both accounts are added together and the total is insured up to \$100,000, with \$100,000 uninsured.

When opening multiple trust accounts at the same bank, depositors should remember that any allocation of revocable trust deposits from a specific owner to a specific beneficiary in excess of \$100,000 will result in uninsured funds.

<b>Example 12</b> <b>One Owner with Multiple Informal Revocable Trust Accounts</b> <b>Naming the Same Two Qualifying Beneficiary</b> <b>(Each Beneficiary Has a 50% Interest in Account 1 )</b>				
Account #	Account Title	Balance	Insured Amount	Uninsured Amount
Account 1	Paul & Lisa Wilson (parents) POD to John & Sharon (children)	\$400,000	} \$500,000	\$0
Account 2	Lisa Wilson POD to Bill (grandchild)	100,000		

**Facts:** Assume the same set of facts as Example 11, except that Lisa – upon discovering that Account 2 exceeds the FDIC insurance limit – changed Account 2 to eliminate Sharon as a beneficiary, reduced the balance to \$100,000, and moved the remaining \$100,000 to another FDIC-insured institution. Lisa does not have any other deposits at the second bank where she deposited the excess \$100,000 in a revocable trust account naming her grandchild, Bill, as beneficiary. Are her deposits now fully insured?

**Analysis:**

While there are a number of options available, the option Lisa chose – restructuring Account 2 to remove Sharon as a beneficiary, reducing the balance in Account 2, and placing the excess funds at another FDIC-insured institution – will accomplish her goal of ensuring that all of her deposits are insured by FDIC. This option would provide for full deposit insurance coverage for her deposits and it does alter the testamentary intent of naming her grandchild, Bill, as the beneficiary of these funds.

**Example 13**  
**POD Account with Multiple Owners and Beneficiaries After an Owner Dies**  
**(Each Beneficiary Has a One-Third Interest)**

Account Title	Balance
Donald and Linda Abbot (parents) POD to Kathy, Dennis and Joan (children)	\$600,000

**Facts:** Donald and Linda Abbot have a POD account naming their three children, Kathy, Dennis and Joan, as equal beneficiaries. This is the only deposit account that the Abbots have at the bank. At the time the account is opened, all owners and beneficiaries are alive. After the account is opened, Linda dies. Donald needs to determine the impact of Linda's death on insurance coverage of his POD account.

**Analysis:**

1. *Who are the owners of the deposit?* There are two owners: Donald and Linda Abbot.
2. *How many beneficiaries are named?* Three beneficiaries – Kathy, Dennis and Joan – are named.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* The three beneficiaries are the Abbots' children; all three are qualifying for both co-owners.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Although everyone is alive when the account is opened, one of the account owners – Linda – dies afterwards. Linda's death will decrease coverage for this account as explained below.
5. *Do all named beneficiaries have an equal beneficiary interest?* The beneficiaries' interests are assumed equal unless there is a specific notation in the account records of the bank.
6. *Does the deposit account title include "POD" or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* An account titled "Donald and Linda Abbot POD to Kathy, Dennis and Joan Abbot" would be acceptable.

<b>While both account owners are alive, coverage for Example 13 can be stated as:</b>			
Owner to Beneficiary	Ownership Share	Insured Amount	Uninsured Amount
Donald POD to Kathy	\$100,000	\$100,000	\$0
Donald POD to Dennis	100,000	100,000	0
Donald POD to Joan	100,000	100,000	0
Linda POD to Kathy	100,000	100,000	0
Linda POD to Dennis	100,000	100,000	0
Linda POD to Joan	100,000	100,000	0
<b>Total</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$0</b>

After the expiration of the six-month grace period following Linda's death, Donald becomes the sole owner of the POD account with a balance of \$600,000 – or \$200,000 for each of the named beneficiaries. Since Donald is only eligible for up to \$100,000 in coverage for each qualifying beneficiary, FDIC insurance coverage for the POD account will be reduced to \$300,000 after the six-month grace period.



**After Linda dies (and after expiration of the six-month grace period), coverage for Example 13 can be stated as:**

Owner to Beneficiary	Ownership Share	Insured Amount	Uninsured Amount
Donald POD to Kathy	\$200,000	\$100,000	\$100,000
Donald POD to Dennis	200,000	100,000	100,000
Donald POD to Joan	200,000	100,000	100,000
<b>Total</b>	<b>\$600,000</b>	<b>\$300,000</b>	<b>\$300,000</b>

Donald will need to reduce this deposit by \$300,000 and place these funds at another FDIC-insured depository institution to have the entire \$600,000 fully covered by FDIC insurance.

<b>Example 14</b>	
<b>POD Account with Multiple Owners When One Owner Dies</b>	
<b>(Each Beneficiary Has 50% Interest in the POD Account)</b>	
Account Title	Balance
Steve and Susan Miller (husband and wife) POD to Susan Miller's mother and father	\$200,000
Steve Miller's single account	\$100,000

**Facts:** Steve and Susan Miller, husband and wife, have a POD account naming Susan's parents as beneficiaries with a balance of \$200,000. Steve Miller also has a single ownership account for \$100,000 at the same financial institution. Steve dies and, a week later, the bank fails. What is the insurance coverage before and after Steve Miller's death?

**Analysis:**

1. *Who are the owners of the deposit?* The POD account has two owners: Steve and Susan Miller. Steve Miller is the sole owner of his single account.
2. *How many beneficiaries are named?* Two beneficiaries – Susan's mother and father – are named for the POD account. Single accounts do not have beneficiaries.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* Susan's parents are both qualifying beneficiaries for Susan but they are not qualifying beneficiaries for Steve.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Everyone is alive when the accounts are opened but Steve subsequently dies. Steve's death will affect coverage, as explained below.
5. *Do all named beneficiaries have an equal beneficiary interest?* The beneficiaries' interests are assumed equal unless there is a specific notation in the account records of the bank.
6. *Does the deposit account title include "POD" or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* A POD account titled "Steve and Susan Miller POD to Susan's Mother and Father" would be acceptable.

**Before Steve Miller dies , coverage for Example 14 can be stated as:**

Owner to Beneficiary	Ownership Share	Revocable Trust Account	Single Account	Insured Amount	Uninsured Amount
Susan POD to Mother	\$ 50,000	\$ 50,000		\$ 50,000	\$ 0
Susan POD to Father	50,000	50,000		50,000	0
Steve POD to Wife's Mother	50,000		\$ 50,000	100,000	100,000
Steve POD to Wife's Father	50,000		50,000		
Steve Miller (deceased)	100,000		100,000		
<b>Total</b>	<b>\$300,000</b>	<b>\$100,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$100,000</b>

**After Steve Miller dies, coverage for Example 14 would change. All of the funds in the POD account become the funds of Susan Miller. Steve Miller's single account is part of his estate.**

Owner to Beneficiary	Ownership Share	Revocable Trust Account	Single Account	Insured Amount	Uninsured Amount
Susan POD to Mother	\$ 100,000	\$100,000		\$100,000	\$0
Susan POD to Father	100,000	100,000		\$100,000	0
Steve Miller (deceased)	100,000		\$100,000	\$100,000	0
<b>Total</b>	<b>\$300,000</b>	<b>\$200,000</b>	<b>\$100,000</b>	<b>\$300,000</b>	<b>\$0</b>

This example illustrates several important aspects of revocable trust account coverage. First, it demonstrates the aggregation of revocable trust deposits naming non-qualifying beneficiaries with an account owner's single deposit funds. It also demonstrates how coverage can change dramatically after the death of an account owner. This particular example shows a rare instance when insurance coverage increases after an owner dies. More commonly, coverage for revocable trust deposits decreases when an owner dies.

**Example 15  
POD Account with Multiple Beneficiaries When One Beneficiary Dies  
Each Beneficiary Has a 50% Interest**

Account Title	Balance
Jonathan Stuart POD to Paul and Amy Stuart (parents)	\$200,000

**Facts:** Jonathan Stuart opens a deposit account for \$200,000 that names his parents as co-beneficiaries of a payable on death informal revocable trust. His father Paul dies. Does the deposit remain insured for \$200,000 for at least six months after Paul's death?

**Analysis:**

1. *Who are the owners of the deposit?* The account has one owner: Jonathan Stuart.
2. *How many beneficiaries are named?* Two beneficiaries – Jonathan’s mother and father – are named.
3. *Are the beneficiaries qualifying or non-qualifying beneficiaries?* Jonathan’s parents are both qualifying beneficiaries for Jonathan.
4. *Is everyone named on the informal trust deposit living – both owners and beneficiaries?* Everyone is alive when the account is opened but one of the beneficiaries, Paul, subsequently dies. Paul’s death will affect coverage, as explained below.
5. *Do all named beneficiaries have an equal beneficiary interest?* The beneficiaries’ interests are assumed equal unless there is a specific notation in the account records of the bank.
6. *Does the deposit account title include “POD” or similar term indicating testamentary intent, and do the account records accurately identify the owners and beneficiaries?* A POD account titled “Jonathan Stuart POD to Paul and Amy Stuart” would be acceptable.

<b>While both beneficiaries are alive, coverage for Example 15 can be stated as:</b>			
<b>Owner to Beneficiary</b>	<b>Ownership Share</b>	<b>Insured Amount</b>	<b>Uninsured Amount</b>
Jonathan POD to Paul	\$100,000	\$100,000	\$0
Jonathan POD to Amy	100,000	100,000	0
<b>Total</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$0</b>

Immediately upon Paul's death, the insurance coverage of this account is reduced from \$200,000 to \$100,000. *Remember that the six-month grace period only applies to the owners of a trust, not to beneficiaries.* The reduced insurance coverage reflects the existence of one POD account owner with only one living qualifying beneficiary. Jonathan will need to reduce this deposit by \$100,000 and place these funds at another FDIC-insured institution to obtain full FDIC insurance coverage.

<b>Paul (beneficiary) dies. Immediately upon his death, coverage for Example 15 can be stated as:</b>			
<b>Owner to Beneficiary</b>	<b>Ownership Share</b>	<b>Insured Amount</b>	<b>Uninsured Amount</b>
Jonathan POD to Amy	\$200,000	\$100,000	\$100,000
<b>Total</b>	<b>\$200,000</b>	<b>\$100,000</b>	<b>\$100,000</b>