Updated April 2006

New coverage for retirement accounts

Share of Deposits	Amount Insured
$ 160,000	$ 100,000
140,000	100,000
100,000	100,000
60,000	60,000
60,000	60,000
40,000	40,000
$ 560,000	**$ 460,000**

goldbook

Financial Institution **Employee's Guide** to Deposit Insurance

Federal Deposit
Insurance Corporation

Financial Institution **Employee's Guide** to Deposit Insurance

Table of Contents

About the *Employee's Guide*

Every bank and savings association that displays the FDIC logo has a responsibility to ensure that it provides accurate information about FDIC insurance coverage to its depositors. Bank and savings association employees who deal directly with depositors must understand the rules that govern deposit insurance coverage to be able to explain them clearly and accurately to bank customers. The *Financial Institution Employee's Guide to Deposit Insurance (Employee's Guide)* was developed to help bank and savings association employees meet this objective. See the appendix at the end of this guide for a list of additional FDIC resources available to assist bank and savings association employees in understanding the deposit insurance rules.

Limitations of the *Employee's Guide*

The information provided in the *Employee's 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, you may wish to read 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). You can view the deposit insurance regulations on the FDIC's web site at: **www.fdic.gov/regulations/laws/rules**.

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.

If you have questions about the information provided in the *Employee's Guide*, you may wish to contact the FDIC to confirm your understanding of the rules for deposit insurance coverage. For information on how to contact the FDIC, see the back cover.

Effective date

This edition of the *Employee's Guide* describes the deposit insurance rules in effect at publication (Spring 2006). It contains regulatory changes adopted by the FDIC in April 2006 to implement provisions of the Federal Deposit Insurance Reform Act of 2005 that affect deposit insurance coverage.

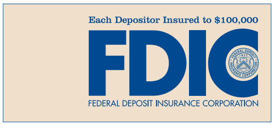
If the laws and regulations defining FDIC insurance coverage are amended after the date of publication, some information in the *Employee's Guide* may become obsolete. To determine whether any such changes have been made, contact the FDIC's Call Center at 1-877-275-3342.

FDIC's deposit insurance program

The FDIC insures deposits in most banks and savings associations in the United States. For simplicity, the terms "bank" and "insured bank" are used throughout the *Employee's Guide* to mean any bank or savings association that is insured by the FDIC.

The FDIC protects the depositors of insured banks against the loss of their deposits due to a bank failure (up to the insurance limit). The FDIC does not cover bank losses due to fire, theft, or fraud. However, such losses may be covered by a bank's hazard and casualty insurance and fidelity bonds.

FDIC-insured banks must display an official sign at each teller window or teller station. There are separate official signs for banks and for savings associations. The bank sign and savings association sign are shown below:



Basic insurance amount

The basic amount of insurance coverage provided to depositors of an insured bank is $100,000. FDIC insurance covers the balance of each depositor's account, dollar-for-dollar, including principal and any accrued interest through the date of the bank's closing, up to the insurance limit. The $100,000 limit 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.

Types of deposit accounts that FDIC insures

FDIC insurance covers all types of deposits received by a bank in its usual course of business, including:

- Checking accounts
- Demand deposit accounts (DDAs)
- Negotiable order of withdrawal (NOW) accounts
- Money market deposit accounts (MMDAs)
- Passbook and statement savings accounts
- Time deposits, including certificates of deposit (CDs)

- Official items such as:
  - Money orders
  - Expense checks
  - Interest checks
  - Official checks/cashier's checks
  - Travelers checks
  - Loan disbursement checks

Types of bank products that FDIC does not insure

Many banks offer their customers a range of products that are not deposits and therefore are not covered by FDIC insurance. Examples of nondeposit products that are not insured by the FDIC include:

- **Investments in mutual funds,** including money market mutual funds and mutual funds that invest in stocks, bonds, and other securities
- **U.S. Treasury securities** (**Note:** U.S. Treasury securities are backed by the full faith and credit of the United States government.)
- **Annuities**, which are contracts underwritten by insurance companies guaranteeing income in exchange for a lump sum or periodic payment
- **Stocks, bonds or other securities**
- **Insurance products**, such as automobile and life insurance
- **Safe deposit boxes** (**Note:** The contents of safe deposit boxes may be covered by the bank's hazard insurance and/or the boxholder's homeowners or renters insurance.)

Interagency policy statement on retail sales of nondeposit investment products

The four federal banking regulatory agencies – FDIC, Office of the Comptroller of the Currency, Office of Thrift Supervision, and the Board of Governors of the Federal Reserve System – have issued an Interagency Statement on Retail Sales of Nondeposit Investment Products. This policy statement requires all insured banks to:

- Fully inform their customers about investment risks
- Differentiate investment products from insured deposits
- Distinguish the investment product sales area from the retail deposit-taking area
- Employ properly licensed and trained sales representatives
- Develop effective program management, particularly when investments are sold through third parties

Insurance is provided on a per-bank basis
12 C.F.R. § 330.3(b)

Deposit accounts maintained in separately chartered banks are separately insured by the FDIC, even if the banks are affiliated, such as belonging to a common holding company.

Per-bank coverage means that all deposit accounts maintained by a depositor at one bank are insured separately from accounts that the same depositor maintains at a different, separately chartered bank.

Accounts that a depositor maintains at different branches or offices of the same bank are not separately insured. Rather, all deposit accounts held by a depositor at different branches or offices of the same bank are added together and insured up to the insurance limit.

Some banks maintain "virtual" branches or divisions that allow depositors to open and transact business on deposit accounts over the Internet. Often these "virtual" branches or divisions operate under a different name than the bank uses for its traditional branches, but they are all part of the same bank. In this situation, deposit accounts held at the "virtual" branches or divisions of a bank are aggregated with any deposit accounts a customer may have at the traditional retail branches of the same bank before applying the insurance limit.

Separate insurance is provided to each depositor

Deposit accounts maintained by different depositors are separately insured. Depositors eligible to receive insurance coverage include natural persons, legal entities such as corporations, partnerships and unincorporated associations, and public units.

Separate insurance is provided for deposits in different ownership rights and capacities
12 C.F.R. § 330.3(a)

FDIC insurance coverage is based on the concept of ownership rights and capacities. Deposits that a person or entity maintains in *different* ownership rights and capacities at one bank are separately insured up to the insurance limit. Deposits that a person or entity maintains in the *same* ownership rights and capacities are added together and insured up to the insurance limit.

The FDIC's rules and regulations for deposit insurance coverage describe the categories of ownership rights and capacities that are eligible for separate insurance coverage. FDIC refers to the categories of ownership rights and capacities as "ownership categories."

The *Employee's Guide* describes the following ownership categories:

- Single accounts
- Self-directed retirement accounts
- Joint accounts
- Revocable trust accounts
- Irrevocable trust accounts
- Employee benefit plan accounts
- Corporation, partnership and unincorporated association accounts
- Government accounts

Each of the ownership categories has specific requirements that must be met to receive separate insurance coverage under that category. (Chapter 3 describes the rules for each ownership category.) If an account fails to meet the applicable requirements, the deposits will be insured in another ownership category – usually the single accounts category – and the deposits will be added together with any other funds that the depositor has in that same ownership category.

Important!
All types of deposits (for example, checking accounts, savings accounts, CDs, interest checks and cashier's checks) that a depositor has at a bank in the same ownership category are added together before the FDIC applies the insurance limit for that category. Consequently, a depositor cannot increase insurance coverage by dividing funds into different accounts in the same ownership category at the same bank.

Similarly, using different co-owner's social security numbers on multiple accounts held by the same depositor in the same ownership category does not increase insurance coverage.

FDIC will rely on bank deposit account records
12 C.F.R. § 330.5(a)

The FDIC relies upon the deposit account records of the bank to determine the ownership of an account, and thus the amount of coverage available. If the records are clear and not ambiguous, those records shall be considered binding on the depositor, and the FDIC shall consider no other records on the manner in which the funds are owned.

Deposit account records
12 C.F.R. § 330.1(e)

Deposit account records include:

- Signature cards
- CDs and passbooks
- Account ledgers and computer records that relate to the bank's deposit-taking function
- Corporate resolutions authorizing accounts in the possession of the bank
- Official items
- Other books and records of the bank

The FDIC may request supplemental documentation such as articles of incorporation, copies of a trust, and affidavits to identify relationships between owners and beneficiaries. These documents may be used by the FDIC to confirm that the funds are actually owned in the manner indicated in the bank's account records and to determine whether the account qualifies for more than the basic insurance amount.

If the FDIC determines that a depositor has misrepresented the ownership of a deposit account in an attempt to increase insurance coverage, the FDIC will pay deposit insurance based on the actual ownership of the account.

Deposits maintained by non-United States citizens or residents
12 C.F.R. § 330.3(c)

Any person or entity with deposits in an insured bank is entitled to deposit insurance coverage. Insurance coverage is provided whether or not the depositor is a United States citizen or resident.

Deposits denominated in a foreign currency
12 C.F.R. § 330.3(c)

Deposit insurance coverage is provided for deposits in an insured bank that are denominated in a foreign currency. Deposit insurance for such deposits will be determined in the amount of United States dollars that is equivalent in value to the amount of the deposit denominated in the foreign currency. If an insured bank fails, the value of the deposit will be determined using the rate of exchange "noon rates" for United States dollars as of the date the bank is closed.

Deposits in insured branches of foreign banks
12 C.F.R. § 330.3(d)

Deposits in an insured branch of a foreign bank that are payable by contract in the United States are entitled to FDIC insurance coverage. The coverage limits are the same as for United States banks.

Deposits payable solely outside the United States 12 C.F.R. § 330.3(e)	Deposit insurance is not provided for any deposit of an insured bank that is payable solely at an office of the bank located outside the United States. Deposit insurance coverage is provided only for deposits that are payable at a location within the United States, including Puerto Rico, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, American Samoa, and the Trust Territory of the Pacific Islands.
International banking facility (IBF) deposits 12 C.F.R. § 330.3(f)	No insurance is provided by the FDIC for funds held in an "international banking facility time deposit," or IBF account, as defined by the Board of Governors of the Federal Reserve System.
Effect of state law 12 C.F.R. § 330.3(h)	Deposit insurance is for the benefit of the owner or owners of the funds on deposit. Consequently, ownership of deposited funds under state law is a necessary condition for deposit insurance coverage. For example, in order for deposits held in the name of a partnership to be insured separately from the personal deposits of the partners, the partnership must be valid or recognized under state law. Ownership under state law, however, is only one factor in determining the extent of deposit insurance coverage available for a particular deposit account. Deposit insurance coverage also depends upon the following: • The deposit account records of the insured bank • Satisfaction of the FDIC's requirements for the particular ownership category Some state laws, such as community property laws, do not affect deposit insurance coverage. For example, although deposits held in one name alone by a husband or wife in a community property state are considered jointly owned by both spouses, they are considered single accounts for deposit insurance purposes. You should check with the FDIC if you have questions about the applicability of a specific state law in calculating deposit insurance coverage.

Coverage following a bank merger
12 C.F.R. § 330.4

When the deposit accounts of one bank are acquired by another bank, the newly acquired deposits are separately insured from any other deposits a depositor may already have at the acquiring bank for a set period of time. This grace period is intended to give depositors an opportunity to restructure their accounts in case the merger results in a depositor having deposits at the acquiring bank that exceed the insurance limit.

The FDIC provides separate insurance coverage for deposits that are acquired following a merger in accordance with the following schedule:

Non-time deposits (for example, checking, passbook savings, and MMDA accounts) acquired by a bank are separately insured for six months after the date of the merger.

Time deposits (for example, certificates of deposit) acquired by a bank are separately insured until the earliest maturity date or six months after the merger date, whichever occurs later, subject to the following rules:

- Time deposits that mature within the first six months and are renewed for the same dollar amount (with or without accrued interest added to the principal amount) and for the same term as the original deposit are separately insured until the first maturity date after the expiration of the six-month period.
- Time deposits that mature within the first six months and are renewed on any other basis, or time deposits that mature within the first six months and are not renewed and thereby become regular savings or demand deposits, are separately insured until the end of the six-month period.

Example 1
Paula Jackson has two certificate of deposit accounts:

- $100,000 CD in a single account (an account in her name alone) at Anytown Bank
- $100,000 CD in a single account at Everyville Savings & Loan

When Everyville Savings & Loan (Everyville S&L) acquires Anytown Bank, Paula's CD from Anytown Bank remains separately insured from her CD at Everyville S&L until it matures. If her CD from Anytown Bank matures within six months after the merger date and is renewed for the same time period and dollar amount, it will remain separately insured until the new maturity date.

The original CD at Everyville S&L will not be affected since the six-month grace period only applies to the acquired deposits.

Important!
The grace period does not apply to a situation where two or more depositors merge. For example, if two corporations merge, and both have funds on deposit in the same bank, those accounts are aggregated as of the merger date and insured to a maximum of $100,000.

Grace period following the death of an accountholder
12 C.F.R. § 330.3(j)

The death of an account owner can affect insurance coverage. Most often, the effect is to reduce the amount of insurance coverage that applies to a family's accounts. For this reason, it is important to encourage depositors to review the insurance coverage on their accounts whenever an account owner dies.

To ensure that families dealing with the death of a family member have adequate time to review and restructure their accounts if necessary, the FDIC will insure the deceased owner's accounts as if he or she were still alive for six months after his or her death. During this grace period, the insurance coverage of the deposit owner's accounts will not change unless the accounts are restructured by those authorized to do so. The FDIC will not apply the grace period if the result will be a reduction in coverage.

Example 2
John and Susan Jones (husband and wife) have the following deposit accounts at the same bank:

Example 2

Account	Account Title	Ownership Category	Balance
1	Susan Jones	Single	$ 100,000
2	Susan and John Jones	Joint	200,000
3	John Jones POD to Susan Jones	Revocable Trust	$ 100,000

While both owners are alive, each account is insured in a separate ownership category, resulting in the full $400,000 being insured.

Susan's husband, John, dies. With his death, the right and capacity in which the funds are owned changes: all of the accounts are now owned by Susan as an individual, and are insured as her single accounts. If the bank should fail after the grace period expires and before Susan restructures her accounts, $100,000 will be insured and $300,000 will be uninsured.

Account Ownership Categories

This chapter provides a detailed discussion of the FDIC's deposit insurance coverage rules and requirements for each of the following ownership categories:

- Single Accounts
- Self-Directed Retirement Accounts
- Joint Accounts
- Revocable Trust Accounts (Formal and Informal)
- Irrevocable Trust Accounts
- Employee Benefit Plan Accounts
- Corporation, Partnership and Unincorporated Association Accounts
- Government Accounts

Definition

Single Accounts

12 C.F.R. § 330.6

Single accounts are deposits owned by one person. This ownership category includes:

- Accounts held in the name of a business that is a sole proprietorship, such as Vince Johnson DBA (doing business as) Vince's Delicatessen
- Accounts held in the name of a decedent or by the executor or administrator of a decedent's estate
- Single name accounts containing community property funds
- Deposits held on behalf of an individual pursuant to a fiduciary relationship
- Official items payable to one person
- Some accounts that fail to qualify for insurance in other ownership categories

Important!
Since all of the deposit accounts listed above are insured in the same ownership category – single accounts – any of these accounts owned by the same person at the same bank will be added together and insured up to the insurance limit.

Also, although they may be owned by one person, revocable trust accounts (including payable on death accounts and living trust accounts) and self-directed retirement accounts (including IRAs) are not insured as single accounts provided the accounts meet the requirements for these ownership categories.

Insurance limit

All deposits owned by one person at an insured bank are added together and insured up to $100,000.

Example 3

Account Title	Deposit Type	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		**$ 150,000**
Amount Insured		100,000
Amount Uninsured		$ 50,000

Explanation

Marci Jones has four single accounts at the same bank: three accounts held in her name alone and one account held by her business, which is a sole proprietorship. The deposits in these accounts are added together and the total balance, $150,000, is insured to $100,000. Consequently, $50,000 is uninsured.

Sole proprietorship accounts

A sole proprietorship is a business wholly owned by one person, in contrast to a business that is incorporated or owned by a partnership. Some examples of sole proprietorship account titles are: "Vince Johnson DBA (doing business as) Vince's Delicatessen" or "Mary's Hair Salon, Mary Peterson, Proprietor." Such titles do not include an indication of incorporation (for example, ABC, Inc. or XYZ, Ltd.).

Deposits held in the name of a sole proprietorship are added to any other single accounts of the business owner, and the total is insured up to $100,000. Thus, although a person who is the sole owner of an unincorporated business opens a separate account in the name of his business, the business account is not separately insured from his personal accounts at the same bank.

Important!
In some cases, a sole proprietorship may have more than one signatory on the account (for example, a husband and wife). If both signatories have equal authority to withdraw funds from the account, the account may be insured in the joint account category unless there is clear evidence in the deposit account records that only one person is the owner of the funds.

Decedent accounts

Deposits held by an executor or administrator for the estate of a deceased person are added together with other deposits held solely in the name of the deceased person, and the total is insured up to $100,000. Deposits belonging to the estate of the deceased person held in a fiduciary capacity are insured separately from any personal deposits owned by the executor, administrator, or any beneficiary of the estate at the same bank. The fiduciary capacity of the executor or administrator must be disclosed in the account title.

Important!
The deposits of a decedent's estate are insured solely to the decedent, up to $100,000, regardless of the number of beneficiaries who may have an interest in the decedent's estate.

Example 4
Linda Martinez is the executor of her Aunt Anita's estate. Anita's two children are the beneficiaries of the estate. If Linda deposits $200,000 in a single bank, only $100,000 will be insured and $100,000 will be uninsured.

Community property deposits held in the name of one person

Some states are "community property" states. This means that while deposits held in one name alone by a husband or wife in a community property state are considered jointly owned by both spouses, they are considered single accounts for deposit insurance purposes.

Fiduciary accounts held for an individual

If single account funds are deposited on behalf of an individual by a fiduciary, the funds in the account will be insured as the single account funds of the principal, added to any other single accounts of the principal at the bank, and insured up to $100,000.

Example 5
Jennifer Bradley is the custodian on a Uniform Transfer to Minors Act (UTMA) account for her child, Julia. If the recordkeeping requirements for fiduciary accounts are met, the account is insured in the single account category as Julia's funds, separately from deposits that the mother, Jennifer, may own in her name alone.

Example 6
Steven McLean buys a CD through a deposit broker. A few months later, he sees a bank advertisement offering a good interest rate and unknowingly purchases a CD directly from the same bank that issued the brokered CD. The deposits placed through the broker will be added with the deposits Steven placed at the bank directly and the total will be insured up to $100,000.

Accounts that fail to qualify for coverage in other ownership categories

Each ownership category contains requirements that must be met in order to obtain separate insurance coverage in that category. When these requirements are not met, the funds usually revert to the single account category for insurance coverage. The specific requirements for each ownership category are discussed in the specific sections of this chapter.

Self-Directed Retirement Accounts

12 C.F.R. § 330.14(c)(2)

Definition

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.

This ownership category includes deposits of the following types of plans:

- Individual Retirement Accounts (IRAs) including Roth IRAs
- Simplified Employee Pension Accounts
- "Section 457" Deferred Compensation Plan Accounts
- Self-directed Keogh Plan Accounts
- Self-directed Defined Contribution Plan Accounts, primarily 401(k) plans

Note:
All "Section 457" deferred compensation plan accounts, regardless of whether they are self-directed or not, are included in this category of coverage.

A Coverdell Education Savings Account (formerly known as an Education IRA) is *not* insured as a self-directed retirement account. A Coverdell account does not involve retirement. It is a trust created for the purpose of paying the qualified education expenses of a designated beneficiary. A Coverdell account is insured as an irrevocable trust account (see page 39.)

Insurance limit

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

Important!
Some self-directed retirement accounts, like IRAs, permit the owner to name one or more beneficiaries to the account. Naming beneficiaries does not increase the insurance coverage of these accounts.

Example 7

Account Title	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 in all self-directed retirement accounts at the same bank is less than the $250,000 insurance limit, his IRA deposits are fully insured.

Example 8

Account Title	Balance
Barbara Moore's Roth IRA	$ 100,000
Barbara Moore's IRA	180,000
Total	**$ 280,000**
Amount Insured	$ 250,000
Amount Uninsured	$ 30,000

Explanation
Since Barbara's total in all self-directed retirement accounts at the same bank exceeds the insurance limit for this ownership category, $250,000 is insured and $30,000 is uninsured.

Fiduciary accounts held for self-directed retirement funds

If self-directed retirement funds (for example, an IRA account) are deposited on behalf of an individual by a fiduciary such as a deposit broker, the funds in the account will be insured as the self-directed retirement funds of the principal, added to any other self-directed retirement accounts of the principal at the same bank, and insured up to $250,000.

Joint Accounts
12 C.F.R. § 330.9

Definition

Joint accounts are deposits held in the names of two or more persons.

Insurance limit

All shares that each co-owner owns in joint accounts at one bank are added together and insured up to $100,000, separately from deposits held in other ownership categories, if **all** of these conditions are met:

- Each co-owner must be a natural person.
- The co-owners must have equal withdrawal rights to the account(s).
- Each co-owner must personally sign the account signature card.

Personal signatures are not required if the account is a certificate of deposit, a negotiable instrument, or is established by an agent

Important!

1. Be careful not to confuse joint accounts with "in trust for," "payable on death," and other revocable trust accounts. Although revocable trust accounts may be owned jointly by two or more persons, they are not insured as joint accounts.
2. Deposit accounts owned by a partnership or corporation are not insured as joint accounts even though more than one partner or corporate official may have signed the account signature card. Deposits owned by partnerships, corporations and unincorporated associations are insured in another insurance category.
3. Co-owners do not need to be related to qualify for joint account coverage.

Example 9

Helen and Jack Smith have one joint account, a CD, at Plymouth Bank and Trust for $200,000. The account is fully insured since each owner's share of joint accounts at the bank is covered for $100,000 or a total of $200,000 for both co-owners.

Rearranging names or account titles does not increase coverage	The insurance coverage of joint accounts is not increased by rearranging the owners' names or by changing the styling of their names. Similarly, the use of "or," "and," or "and/or" to separate the names of co-owners in multiple joint account titles does not affect the amount of insurance coverage provided. For example, an account titled "Husband and Wife" will not be insured separately from an account titled "Wife or Husband."
Mixed conjunctions	It is important to be consistent in the use of conjunctions (either the use of "and" or the use of "or") when opening joint accounts with three or more depositors. The names in the account title should be connected consistently by the use of "and" or the use of "or." As an example, an account titled, "John Jones and Sally Jones and Mary Jones" is appropriate. An account titled, "John Jones or Sally Jones or Mary Jones" is also appropriate. Mixing "and" with "or" in the same account title for accounts with three or more depositors can create confusion whether the depositors have equal withdrawal rights. An account titled, "John Jones or Sally Jones and Mary Jones" suggests that Sally and Mary must act together to withdraw funds and therefore may not have equal withdrawal rights with John. Remember, to qualify for deposit insurance coverage in the joint account category, all depositors must have equal withdrawal rights.
Jointly owned deposits held by an agent or custodian	Deposits held by an agent for joint account owners will be insured under the joint account category if the recordkeeping requirements for fiduciary accounts are met. For example, deposits held in escrow by a real estate agent for a husband and wife who are buying a house are added to any other joint accounts owned by the husband and wife at the same bank.

How to calculate the insurance coverage of joint accounts

The coverage of joint accounts is calculated as follows:

1. Determine each co-owner's share of each joint account by dividing the number of owners into the account balance.
2. If a person is the co-owner on more than one joint account, add together all of the shares that the person has in joint accounts at the bank. This amount (i.e., the co-owner's share of all joint accounts) is insured to $100,000. Any person's share of joint accounts that exceeds $100,000 will be uninsured, even if other co-owners' shares are less than $100,000.

Example 10

Account Title	Deposit Type	Balance
Charles and Linda Davis	CD 1	$ 200,000
Linda and Sally Davis	CD 2	200,000
Total		**$ 400,000**

Insurance coverage for each owner is calculated as follows:

Depositors	Ownership Share	Insured Amount	Uninsured Amount
Charles Davis	$ 100,000	$ 100,000	$ 0
Linda Davis	200,000	100,000	100,000
Sally Davis	100,000	100,000	0
Total	**$ 400,000**	**$ 300,000**	**$ 100,000**

Explanation

- Charles' ownership share in all joint accounts equals 1/2 of CD 1 ($100,000), so his share is fully insured.
- Linda's ownership share in all joint accounts equals 1/2 of CD 1 ($100,000) and 1/2 of CD 2 ($100,000). Her total share of all joint accounts is $200,000, of which $100,000 is insured and $100,000 is uninsured.
- Sally's ownership share in all joint accounts equals 1/2 of CD 2 ($100,000), so her share is fully insured.

Example 11

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

Insurance coverage for each owner is calculated as follows:

Depositors	Ownership Share	Insured Amount	Uninsured Amount
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 accounts ($50,000), and 1/3 of the CD ($50,000) for a total of $112,500. Since her coverage in the joint account 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 of John's deposits also is uninsured.
- Robert's ownership share in all joint accounts is $50,000, so his share is fully insured.

Revocable Trust Accounts
12 C.F.R. § 330.10

Introduction

The term "revocable trust account" refers to any deposit account that indicates an intention that the funds will pass to one or more named beneficiaries upon the death of the owner. A revocable trust account can be revoked (or terminated) at the discretion of the owner. In this section, the term "owner" means the grantor, settlor or trustor of the trust.

The FDIC's insurance regulations distinguish between two types of revocable trusts – informal trusts and formal trusts. Informal trusts, known as "payable on death" accounts, "in trust for" accounts, or "totten trust" 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 trusts, also known as "living" or "family" trusts, are written trusts created for estate planning purposes.

Payable on death accounts and living trusts are both revocable trusts; therefore, the FDIC's rules and regulations for insurance coverage of these trusts are essentially the same. There are significant differences, however, in the way these two types of trusts are structured (for example, living trusts may provide beneficiaries with life estate interests) that can affect the calculation of insurance coverage. To ensure clarity in the discussion of the insurance rules for formal and informal revocable trust accounts, this section is divided into two separate parts:

- **Revocable Trust Accounts: Informal Trusts**
- **Revocable Trust Accounts: Formal Trusts**

It is important to remember that although informal revocable trust accounts and formal revocable trust accounts are discussed separately in the *Employee's Guide*, they are insured in the same ownership category. Therefore, all deposits that an owner may have in both informal and formal revocable trust accounts are added together for insurance purposes, and the insurance limit is applied to the combined total.

Revocable Trust Accounts: Informal Trusts
(Payable on Death Accounts)

Definition

Informal revocable trusts are commonly known as "payable on death" (POD) accounts, "in trust for" (ITF) 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.

Insurance limit

POD accounts are insured up to $100,000 per owner for each beneficiary if **all** of the following conditions are met:

- 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 as "POD," "ITF" or "ATF."
- The beneficiaries must be identified by name in the deposit account records of the bank.
- The beneficiaries must be the owner's spouse, children, grandchildren, parents or siblings. A beneficiary that meets this requirement is called a "qualifying beneficiary."

Example 12

POD account with one owner and one beneficiary

Account Title	Onership Share	Insured Amount
John Smith POD Jack Smith (son)	$ 100,000	$ 100,000

Explanation
This POD account is insured up to $100,000 since there is one owner and one qualifying beneficiary who will receive the deposit when the owner dies.

Qualifying beneficiary requirement

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 an adopted child and step-child
- Grandchild includes an adopted grandchild and step-grandchild
- Parent includes an adoptive parent or step-parent
- Sibling includes an adoptive sibling, step-sibling and half-sibling

The following beneficiaries are **not** considered "qualifying beneficiaries" by the FDIC:

- "In-laws" (for example, mother-in-law or father-in-law)
- Nieces, nephews, cousins
- Former spouse
- Great-grandchild
- Grandparent
- Domestic partner
- Charitable organization (for example, universities, churches)
- Trust
- Other relationships not listed

Failure to meet requirements

If any of the requirements described above for a POD account are not met, the entire amount in the account, or any portion of the account that does not qualify, will be insured as the owner's single account; the combined total that the account owner has in the single account category will be insured up to $100,000.

Important!
If an account is set up payable on death to a trust, the deposit will not be insured under the revocable trust category even if the beneficiaries of the trust are qualifying (as described above). Instead, the deposit will be insured as the single account funds of the owner(s). As an example, an account titled Henry Brady POD *The Henry Brady Family Trust* is insured as the single account funds of Henry Brady even though the trust names Henry's children as the beneficiaries.

Example 13
Elizabeth and Robert Brown (husband and wife) have a POD account for $400,000 that names their niece and nephew as beneficiaries. Since the niece and nephew are not qualifying beneficiaries, $200,000 will be considered Robert's single account and $200,000 will be considered Elizabeth's single account for deposit insurance purposes. Assuming the couple had no other single accounts at the same bank, they will each be uninsured for $100,000 ($200,000 in total).

Coverage when there are multiple owners and/or beneficiaries

If a POD account has more than one owner (for example, husband and wife) or is held for multiple beneficiaries, the insured balance of the account can exceed $100,000.

If a POD account has multiple owners, the FDIC will assume that each owner has an equal share of the account unless the bank's deposit account records indicate otherwise. Similarly, if a POD account names two or more beneficiaries, the FDIC will assume that each beneficiary has an equal interest in the account unless otherwise stated in the bank's deposit account records.

Example 14

POD account with multiple owners and beneficiaries

Account Title	Balance
Mark and Paula Lee POD to George, Brian, and Sarah (children)	$ 600,000

Coverage for this account can be restated as:

- Mark's Share = $ 300,000
- Paula's Share = $ 300,000

Owner/Beneficiary	Ownership Share	Insured Amount
Mark POD George	$ 100,000	$ 100,000
Mark POD Brian	100,000	100,000
Mark POD Sarah	100,000	100,000
Paula POD George	100,000	100,000
Paula POD Brian	100,000	100,000
Paula POD Sarah	100,000	100,000
Total	**$ 600,000**	**$ 600,000**

Mix of qualifying and non-qualifying beneficiaries

If a beneficiary is qualifying for one owner but not for the other owner, the qualifying beneficiaries' interests will be insured under the revocable trust account category and the non-qualifying beneficiaries' interests will be insured as the owner's single account, as described above.

Example 15

POD account with a mix of qualifying beneficiaries and beneficiaries who do not qualify for coverage in the revocable trust account category

Account Title	Balance
Sally and Harry Jones POD to Kathy and Robert Jones (Harry's mother and father)	$ 300,000

Coverage for this account can be restated as:

- Sally's share = $150,000
- Harry's share = $150,000

Owner/ Beneficiary	Ownership Share	Revocable Trust Account	Single Account	Insured Amount	Uninsured Amount
Harry POD Robert (father)	$ 75,000	$ 75,000	$ 0	$ 75,000	$ 0
Harry POD Kathy (mother)	75,000	75,000	0	75,000	0
Sally POD Robert (father-in-law)	75,000	0	75,000	50,000	25,000
Sally POD Kathy (mother-in-law)	75,000	0	75,000	50,000	25,000
Total	**$ 300,000**	**$ 150,000**	**$ 150,000**	**$ 250,000**	**$ 50,000**

Explanation

Since Mr. Jones' mother and father are not qualifying beneficiaries for Mrs. Jones (they are her in-laws), Mrs. Jones' share of the account does not qualify for insurance in the revocable trust account category. Her share of the account is insured as her single account. In this example, Mrs. Jones does not have any other single accounts. If she had other single accounts at the bank (for example, a $5,000 checking account), those deposits would be added to her share of the POD account above and the amount over $100,000 would be uninsured.

Coverage when an owner has multiple revocable trust accounts

All revocable trust accounts of a particular owner at the same bank are added together for insurance purposes and the combined total is insured up to $100,000 per owner per qualifying beneficiary.

Example 16

POD account with multiple owners and beneficiaries

Account Title	Balance
Paul and Lisa Li (husband and wife) POD John and Sharon Li (children)	$ 400,000
Lisa Li POD Sharon (child) and Bill (grandchild)	$ 200,000

Coverage for these accounts can be restated as:

Owner/ Beneficiary	Share of Account 1	Share of Account 2	Insured Amount	Uninsured Amount
Paul POD John	$ 100,000	$ 0	$ 100,000	$ 0
Paul POD Sharon	100,000	0	100,000	0
Lisa POD John	100,000	0	100,000	0
Lisa POD Sharon	100,000	100,000	100,000	100,000
Lisa POD Bill	0	100,000	100,000	0
Total	**$ 400,000**	**$ 200,000**	**$ 500,000**	**$ 100,000**

Explanation

When an account owner names the same qualifying beneficiary on more than one POD account at the same bank, the amounts placed in trust for that beneficiary are added together and the total is insured up to $100,000. Since Sharon was named as a beneficiary by Lisa Li on two 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.

Death of a POD account owner

If a POD account has more than one owner (for example, husband and wife) and one of the owners dies, the insurance coverage of the account changes after the expiration of the six-month grace period. The account coverage decreases by up to $100,000 for each qualifying beneficiary that was named by the deceased account owner.

Example 17

POD account with multiple owners and beneficiaries after an owner dies

Account Title	Balance
Donald and Linda Abbot payable on death Kathy, Dennis and Joan (children)	$ 600,000

While both account owners are alive, the coverage for this account is:

Owner/Beneficiary	Ownership Share	Insured Amount	Uninsured Amount
Donald POD Kathy	$ 100,000	$ 100,000	$ 0
Donald POD Dennis	100,000	100,000	0
Donald POD Joan	100,000	100,000	0
Linda POD Kathy	100,000	100,000	0
Linda POD Dennis	100,000	100,000	0
Linda POD Joan	100,000	100,000	0
Total	**$ 600,000**	**$ 600,000**	**$ 0**

Linda dies. After expiration of the six-month grace period, the coverage is reduced:

Owner/Beneficiary	Ownership Share	Insured Amount	Uninsured Amount
Donald POD Kathy	$ 200,000	$ 100,000	$ 100,000
Donald POD Dennis	200,000	100,000	100,000
Donald POD Joan	200,000	100,000	100,000
Total	**$ 600,000**	**$ 300,000**	**$ 300,000**

Explanation
After the expiration of the six-month grace period following Linda's death, total deposit insurance coverage for this account is reduced from $600,000 to $300,000. The FDIC's deposit insurance regulations provide that the owner of a POD account must be alive in order to qualify for coverage in the revocable trust account category.

Death of a beneficiary named on a POD account

The six-month grace period does not apply to the death of a beneficiary named on a POD account. Immediately upon the death of a beneficiary, the insurance coverage of the account will be reduced by the amount of the beneficiary's interest in the account.

Example 18

POD account with multiple beneficiaries when one beneficiary dies

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

While both beneficiaries are alive, the coverage for this account is as follows:

Owner/Beneficiary	Ownership Share	Insured Amount	Uninsured Amount
Jonathan POD Paul	$ 100,000	$ 100,000	$ 0
Jonathan POD Amy	100,000	100,000	0
Total	**$ 200,000**	**$ 200,000**	**$ 0**

Paul dies. Immediately upon his death, the coverage is reduced:

Owner/Beneficiary	Ownership Share	Insured Amount	Uninsured Amount
Jonathan POD Amy	200,000	100,000	100,000
Total	**$ 200,000**	**$ 100,000**	**$ 100,000**

Explanation
Immediately upon Paul's death, the insurance coverage of this account is reduced from $200,000 to $100,000. The insurance coverage reflects the existence of one POD account owner with one living qualifying beneficiary.

Revocable Trust Accounts: Formal Trusts
(Living or Family Trust Accounts)

Definition

Formal revocable trusts, also known as "living" or "family" trusts, are governed by a separate revocable trust document, usually drafted by an attorney.

Insurance limit

Insurance coverage for deposits owned by a formal revocable trust is based on the interests of each qualifying beneficiary that the grantor has named in the trust. The interests of each qualifying beneficiary in all deposit accounts established by the same grantor and held at the same bank under a formal revocable trust are insured up to $100,000 provided *all* of the following requirements are met:

- The account title at the bank must indicate the existence of a trust relationship. This rule can be met by using the terms "living trust," "family trust," "revocable trust" or similar language in the account title. As an example, an account titled *Charles King Revocable Trust* will meet this requirement.
- The requirement concerning qualifying beneficiaries is the same for formal trusts as it is for informal trusts. A "qualifying beneficiary" must be the owner's spouse, child, grandchild, parent, or sibling.
- The living trust agreement must provide that the funds in the account will belong to the beneficiaries upon the owner's death. This means that, when determining coverage, the FDIC will ignore any trust beneficiary who will have an interest in the trust assets only in the event that another beneficiary dies

Example 19
A living trust names an owner's three children as beneficiaries but states that each beneficiary's share will pass to the beneficiary's children (the owner's grandchildren) if the beneficiary dies before the owner. Assuming all three children are alive at the time the bank fails, only the children – not the grandchildren – will be considered beneficiaries for insurance purposes. (That's because the grandchildren are not entitled to any trust assets while their parent is alive.) Coverage up to $300,000 ($100,000 per beneficiary) will be available on the trust's deposit accounts.

Failure to meet requirements

As with informal trusts, if any of the requirements described above for formal trusts are not met, the entire amount in the account, or any portion of the account that does not qualify, will be insured as the owner's single account; the combined total that the account owner has in the single account category will be insured up to $100,000. If the formal trust has multiple owners, the funds will still be insured as each owner's single ownership funds.

Example 20
Peter and Sandra Phillips co-own their living trust that names their niece and nephew as beneficiaries. They open an account at an insured bank for $250,000 titled *The Phillips Family Trust*. Since the niece and nephew are not qualifying beneficiaries, $125,000 will be insured as Peter's single account deposits and $125,000 will be insured as Sandra's single account deposits. Assuming the couple had no other single accounts at the same bank, they will each be insured for $100,000 and each uninsured for $25,000.

Example 21
Sam Jones is the owner of a living trust. The trust's deposit account has a balance of $200,000. He also has a checking account in the same bank in his name alone with a balance of $5,000. The trust specifies that upon his death the funds will pass equally to his son, Richard, and to his local state university.

Example 21

Formal Trust with a mix of qualifying and non-qualifying beneficiaries

Account Title	Balance
Sam Jones Revocable Trust	$ 200,000
Sam Jones	$ 5,000

Coverage for these accounts can be restated as:

Owner/ Beneficiary	Ownership Share	Revocable Trust Acct	Single Account	Insured Amount	Uninsured Amount
Sam to Richard	$ 100,000	$ 100,000	$ 0	$ 100,000	$ 0
Sam to State Univ	100,000	0	100,000	100,000	0
Sam Jones	5,000	0	5,000	0	5,000
Total	**$ 205,000**	**$ 100,000**	**$ 105,000**	**$ 200,000**	**$ 5,000**

Explanation
While the funds attributable to the son (50% or $100,000) qualify for coverage as a revocable trust account, the funds attributable to the university (50% or $100,000) are not eligible for this coverage because a university does not meet the definition of a qualifying beneficiary. Funds that do not qualify for coverage in the revocable trust account category are insured as the single account of the owner. The ineligible funds will be added together with the funds in the checking account and the total ($105,000) will be insured for $100,000, and $5,000 will be uninsured.

Coverage when there are multiple beneficiaries

As with informal trusts, when a formal revocable trust names multiple beneficiaries, the insured balance of the account can exceed $100,000.

Example 22
Jose Martinez opens an account titled *The Jose Martinez Living Trust* naming his two children as equal beneficiaries. Jose is the sole owner of the trust.

Example 22
Formal trust account with one owner and multiple beneficiaries

Account Title	Balance
The Jose Martinez Living Trust	$ 200,000

Coverage for this account can be restated as:

Owner/Beneficiary	Ownership Share	Insured Amount
Jose to Maria (child)	$ 100,000	$ 100,000
Jose to Angela (child)	100,000	100,000
Total	**$ 200,000**	**$ 200,000**

Explanation
Since Jose has named two qualifying beneficiaries in the trust, the account is insured up to $200,000.

When a formal trust has multiple owners, the FDIC will assume that each owner has an equal share of the account unless the trust document specifies otherwise. Similarly, when two or more beneficiaries are named on a formal trust, the FDIC will assume that each beneficiary has an equal interest in the account unless otherwise stated in the trust document.

Example 23
Gary Hall and his wife, Jessica, together own *The Hall Family Trust*. The trust specifies that upon the death of one spouse, the funds will pass to the surviving spouse, and upon that owner's death the funds will pass in equal shares to their three children.

Example 23

Formal Trust account with multiple owners and beneficiaries

Account Title	Balance
The Hall Family Trust	$ 600,000

Coverage for this accounts can be restated as:

- Gary's share = $ 300,000
- Jessica's share = $ 300,000

Owner/Beneficiary	Ownership Share	Insured Amount
Gary to Nancy	$ 100,000	$ 100,000
Gary to Betty	100,000	100,000
Gary to Carol	100,000	100,000
Jessica to Nancy	100,000	100,000
Jessica to Betty	100,000	100,000
Jessica to Carol	100,000	100,000
Total	**$ 600,000**	**$ 600,000**

Explanation
The Hall Family Trust is insured up to a maximum of $600,000. Each owner has a qualifying trust relationship to each of the three beneficiaries, resulting in insurance coverage up to $300,000 per owner, for a total of $600,000.

Coverage of deposits – two grantors and multiple qualifying beneficiaries with unequal interests in the trust

When a formal trust provides for multiple beneficiaries to receive different percentages of funds upon the death of a grantor(s), then the calculation of deposit insurance coverage will include determining each beneficiary's interest.

Example 24
Martin and Janet Walters co-own a living trust account with a balance of $400,000. The trust specifies that upon the death of one spouse, the funds pass to the surviving spouse, and upon that owner's death, the funds pass to their two children in shares of 75% and 25%.

Example 24

Formal Trust account with multiple owners and unequal qualifying beneficiaries

Account Title	Balance
The Walters Family Trust	$ 400,000

Coverage for this accounts can be restated as:

- Martin's share = $ 200,000
- Janet's share = $ 200,000

Owner/Beneficiary		Ownership Share	Insured Amount	Uninsured Amount
Martin to Lisa	(75% of $200,000)	$ 150,000	$ 100,000	$ 50,000
Martin to Ruth	(25% of $200,000)	50,000	50,000	0
Janet to Lisa	(75% of $200,000)	150,000	100,000	50,000
Janet to Ruth	(25% of $200,000)	50,000	50,000	0
Total		**$ 400,000**	**$ 300,000**	**$ 100,000**

Explanation
Since each owner of a revocable trust is insured up to a maximum of $100,000 for each named qualifying beneficiary, $300,000 of the $400,000 deposit is insured with $100,000 uninsured. The trust relationship of the parents, Martin and Janet, to the daughter, Lisa, of $150,000 exceeds the $100,000 limit, resulting in $50,000 uninsured from each parent for a total of $100,000 uninsured.

To determine the maximum amount of insurance coverage for a revocable trust where the beneficiary interest is unequal, the owner must ensure that the deposits attributable to the beneficiary with the largest percentage interest do not exceed $100,000. In this example, the maximum deposit insurance coverage for *The Walter's Family Trust* would be $266,666. This results in each owner having a trust relationship to Lisa of $100,000 ($200,000 in total for both co-owners) and a trust relationship to Ruth of $33,333 ($66,666 in total for both co-owners.)

Life estate interest

Some living trusts give a beneficiary (usually a spouse) a life estate interest in the trust upon the death of the trust owner. A life estate interest means the beneficiary is given the right to receive income from the trust or to use trust assets during his or her lifetime. 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 interest in the trust with the other beneficiaries.

Example 25
David Johnson is the owner of his living trust. The trust has a balance of $400,000. The trust specifies that upon his death his wife, Julie, can use the funds during her lifetime (a life estate interest) and, then, upon her death the funds are distributed in equal shares to their three children. Since there are four equal qualifying beneficiaries, this trust will be insured up to $400,000.

Example 25

Living trust with one owner, a life estate beneficiary, and three equal qualifying remainder beneficiaries

Account Title	Balance
The David Johnson Revocable Trust (David is the sole owner)	$ 400,000

Coverage for this account can be restated as:

- Julie (wife) is a life estate beneficiary with 25% interest
- Mary, Sue, and Kevin (children) each have 25% interest

Owner/Beneficiary		Ownership Share	Insured Amount	Uninsured Amount
David to Julie	(25% of $400,000)	$ 100,000	$ 100,000	$ 0
David to Mary	(25% of $400,000)	100,000	100,000	0
David to Sue	(25% of $400,000)	100,000	100,000	0
David to Kevin	(25% of $400,000)	100,000	100,000	0
Total		**$ 400,000**	**$ 400,000**	**$ 0**

Explanation

As illustrated in this example, the life estate beneficiary is entitled to $100,000 of deposit insurance coverage in addition to $100,000 of deposit insurance coverage for each qualifying remainder beneficiary.

When the beneficiaries of a living trust include a life estate beneficiary and remainder beneficiaries with unequal interests, the calculation of insurance coverage becomes more complex. The owner needs to determine not only the life estate beneficiary's interest in the account, but also each remainder beneficiaries interests in the account.

Example 26

Mary Thompson has a living trust with a balance of $400,000. The trust states that upon her death her husband, Frank, will get the funds for his lifetime (a life estate interest) and when he dies, the remaining funds go to their three children in shares of 20%, 30% and 50%.

Step 1
Determine the percentage interest of the life estate beneficiary. (Since there are four beneficiaries, Frank is entitled to 25%.)

Step 2
Determine the life estate beneficiary's share of the deposits. Total deposits ($400,000) times the life estate beneficiary's interest (25%) = $100,000.

Step 3
Subtract the life estate beneficiary's dollar interest in Step 2 from the total deposits. ($400,000 less $100,000 = $300,000.)

Step 4
Allocate the remaining deposits ($300,000) based on the percentage interests of the remainder beneficiaries (the children.)

- Nancy 's interest = $60,000 ($300,000 X 20%)
- Karen's interest = $90,000 ($300,000 X 30%)
- Larry's interest = $150,000 ($300,000 X 50%)

Example 26

Living trust with one owner, a life estate beneficiary, and three unequal qualifying remainder beneficiaries

Account Title	Balance
The Mary Thompson Living Trust (Mary is the sole owner)	$ 400,000

Coverage for this account can be restated as:

- Frank (spouse) is a life estate beneficiary for 25%
- Nancy (child) is a remainder beneficiary for 20%
- Karen (child) is a remainder beneficiary for 30%
- Larry (child) is a remainder beneficiary for 50%

Owner/Beneficiary		Ownership Share	Insured Amount	Uninsured Amount
Mary to Frank	(25% of $400,000)	$ 100,000	$ 100,000	$ 0
Mary to Nancy	(20% of $300,000)	60,000	60,000	0
Mary to Karen	(30% of $300,000)	90,000	90,000	0
Mary to Larry	(50% of $300,000)	150,000	100,000	50,000
Total		**$ 400,000**	**$ 350,000**	**$ 50,000**

Explanation
Since Larry's share exceeds the $100,000 limit, the amount of $50,000 is uninsured.

When an owner has both a POD account and a living trust account

Some depositors open multiple accounts that include both formal and informal revocable trusts (POD accounts). If the owner of the funds in these accounts names the same beneficiary, the deposits attributable to the same beneficiary in each account are added together and insured up to $100,000.

When a beneficiary of a formal trust dies

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.

Important!
Upon the death of an owner, a revocable trust (or if a trust has multiple owners, the portion of the trust attributed to the owner who has died) may convert to an irrevocable trust. The reason is that the owner no longer can revoke or change the terms of the trust. Refer to the section in this *Employee's Guide* pertaining to irrevocable trust accounts for an explanation of the insurance coverage.

Irrevocable Trust Accounts
12 C.F.R. § 330.13

Definition

Irrevocable trust accounts are deposit accounts 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 settlor or trustor) contributes funds and/or property to the trust and relinquishes all power to revoke 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.

Insurance limit

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

1. The insured bank's deposit account records must disclose the existence of the trust relationship. (**Note:** This requirement will be satisfied if the account is opened in the name of the trust.)
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 category.)
3. Each beneficiary must have a "non-contingent interest" 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. 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 when 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 the trustee(s) 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 the trustee(s) 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.

Important!
Under the terms of most irrevocable trusts, the interests of the beneficiaries are contingent. For example, under the trust agreement the trustee (or a particular beneficiary) might possess the authority to invade all of the principal for the benefit of a particular beneficiary. This would result in the interests of the other beneficiaries being contingent on whether the trustee (or beneficiary) exercises this authority. **In such a case, the deposit insurance coverage for the entire trust is limited to $100,000.**

A grantor or designated trustee 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
12 C.F.R. § 330.14

Definition

Employee benefit plan accounts are deposits held by any plan that satisfies the definition of an employee benefit plan in section 3(3) of the Employee Retirement Income Security Act of 1974 (ERISA). Types of plans insured under this ownership category are:

- **Defined contribution plans**, such as a 401(k) plan, in which each participant has one or more accounts made up of contributions from the participant and/or the employer, that are not self-directed.
- **Defined benefit plans**, in which the employer is obligated to pay an employee a certain benefit amount (for example, an amount based on the retired employee's years of service and salary at the time of retirement).
- **Employee welfare plans or welfare benefit plans**, which are established by an employer or union to provide employees with medical, health, hospitalization benefits or income in the event of sickness, accident or death. (Note: Welfare plans generally are funded through a trust.)
- **Keogh plans**, as defined in section 401(d) of the Internal Revenue Code of 1986, that are not self-directed.

Important!
Section 457 deferred compensation plan accounts, self-directed Keogh plan accounts and self-directed defined contribution plan accounts are insured under the self-directed retirement account ownership category.

Insurance limit

The "non-contingent interest" of each plan participant in an employee benefit plan is insured up to $100,000. A "non-contingent interest" is an interest that can be determined without evaluation of contingencies other than life expectancy. Coverage up to $100,000 for the "non-contingent" interest of each plan participant is known as "pass-through" insurance coverage because the coverage passes through the plan administrator to each plan participant.

If the interests of any plan participant are contingent and/or not ascertainable (i.e., the participant's interest cannot be determined), these participants' interests are added together and insured up to a maximum of $100,000. (**Note:** This rule often is a factor in the insurance coverage of deposits held by health and welfare plans.)

How to calculate the maximum insurance amount for an employee benefit plan that qualifies for "pass-through" coverage

Coverage for an employee benefit plan's deposits is based 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.

The following examples illustrate how to determine the maximum amount of insurance coverage for an employee benefit plan, assuming that all of the requirements for "pass-through" coverage have been met for all participants.

Example 27

Employee benefit plan deposit that qualifies for "pass-through" coverage – example of a fully insured account

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

Coverage for this account can be restated as:

Plan Participants	Plan Share	Ownership Share	Insured Amount	Uninsured Amount
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
The maximum amount of insurance coverage a plan can deposit at one bank and still be fully insured is determined by ensuring that the employee with the largest percentage interest in the plan deposits does not exceed $100,000.

In this example, the employee benefit plan has deposited $285,000 in one bank. The $285,000 deposit results in Dr. Todd's interest (the largest participant) being insured for $ 99,750 (35% of $285,000). When Dr. Todd's interest is fully insured, the rest of the deposit will be insured, since the other interests are smaller.

Example 28

Employee benefit plan deposit that qualifies for "pass-through" coverage – example of a partially insured account

Account Title	Balance
Medical Services of Mainville, PC Employee Benefit Plan	$ 400,000

Coverage for this account can be restated as:

Plan Participants	Plan Share	Ownership Share	Insured Amount	Uninsured Amount
Dr. Moore	40%	$ 160,000	$ 100,000	$ 60,000
Dr. Wilson	35%	140,000	100,000	40,000
Nurse Smith	15%	60,000	60,000	0
Mrs. Taylor	10%	40,000	40,000	0
Plan Total	**100%**	**$ 400,000**	**$ 300,000**	**$ 100,000**

Explanation

"Pass-through" coverage is based on each participant's interest in the plan. Most plans participants have different interests in the plan. If any employee's interest in the plan's deposits exceeds $100,000, the amount over the limit will be uninsured.

In the above example, the most that this plan can have on deposit and still be fully insured is $250,000. With a deposit of $250,000, Dr. Moore, who has the largest interest in the plan of 40%, will be insured for $100,000 ($250,000 multiplied by 40% equals $100,000).

Aggregation of interests held by the same beneficiary in multiple plans established by the same employer	Assuming that an employee benefit plan account is entitled to "pass-through" coverage, any interests of the same participant in any other employee benefit plan established by the same employer or employee organization (for example, a union) and deposited in the same bank are combined and insured up to a total of $100,000. For example, if a company deposits funds of both pension and profit-sharing plans at the same bank, the interests of a participant in both plans will be added together and insured up to $100,000.
Capital requirements	An FDIC-insured bank may only accept employee benefit plan deposits if it meets specific capital requirements. **Note:** An FDIC-insured bank's failure to meet the capital requirements will not affect the depositor's insurance coverage. **Important!** Plan participants who want to know more about how a plan's deposits are insured should consult with the plan administrator.

Corporation, Partnership and Unincorporated Association Accounts
12 C.F.R. § 330.11

Definition

This ownership category includes all deposit accounts owned by a corporation, partnership or unincorporated association.

- A corporation is defined as an organization that is incorporated under the laws of the state in which it is located. This definition includes both for-profit and not-for-profit corporations, as well as "Subchapter S," "Limited Liability (LLC)" and professional corporations (PC).
- A partnership is defined as an association of two or more persons or entities formed to carry on, as co-owners, an unincorporated business for profit.
- An unincorporated association is defined as an association of two or more persons formed for some religious, educational, charitable, social or other non-commercial purpose.

Important!
Accounts of a sole proprietorship are not covered under this account category. Sole proprietorship accounts are insured as the single accounts of the owner.

Insurance limit

The deposit accounts of a corporation, partnership or unincorporated association are insured up to $100,000 provided the corporation, partnership or unincorporated association is engaged in an "independent activity."

The term independent activity means that the entity is operated primarily for some purpose other than to increase deposit insurance coverage. If a corporation, partnership or unincorporated association is not engaged in an independent activity, for insurance purposes the FDIC will consider its deposits to be owned by the person or persons who established the account.

Corporations and partnerships must be valid under state law to receive insurance coverage that is separate from any insurance coverage that the owners, officers or partners of the business might otherwise receive.

Deposits held in the name of a corporation, partnership or unincorporated association are insured separately from the personal deposits of the owner(s) or officials of the organization.

Example 29
The president of a corporation has a personal joint account with her husband at the same bank where the corporation's funds are deposited. The president is an authorized signatory on the corporate account. The joint account with her husband is insured up to $200,000 and the corporation's deposits are separately insured up to $100,000.

Corporations

Separately incorporated subsidiaries engaged in an independent activity are separately insured from each other and from the parent company. If a corporation has divisions that are not separately incorporated, funds deposited by those divisions are not separately insured. Additionally, deposit accounts designated for different purposes but held by the same corporation also are not separately insured.

Important!
Insurance coverage for deposits held by a corporation is a maximum of $100,000. The number of signatories on the account or the number of officers does not affect insurance coverage. In addition, if a corporation has multiple accounts at the same bank in the names of different divisions or offices of the corporation, the accounts would be aggregated and insured as the funds of the corporation, up to a total of $100,000.

Example 30
A corporation has deposit accounts in the same bank for both its Operations Division as well as for its Research and Development Division. Although the accounts have different titles, the deposits of the two divisions will be added together and the total insured up to $100,000 since the deposits are owned by the same corporation.

Example 31
A private school that is a 501(c)(3) non-profit corporation has an operating account and a building fund account at the same bank. While the accounts are designated for different purposes, they are not separately insured

because all the deposits are owned by the same corporation. Therefore, all of the deposit accounts for the non-profit corporation are combined and insured up to $100,000.

Partnerships

Deposit accounts held in the name of a partnership engaged in independent activity are insured as the partnership's funds, separately from the personal deposits of the partners.

Important!
Insurance coverage for a partnership's deposit accounts at one bank is a maximum of $100,000. The number of signatories on the account or the number of partners that the partnership may have does not affect the amount of insurance coverage.

Example 32
A financial services partnership is established by five financial planners. All of the partners have equal access to the partnership's bank account, and all have signed the signature card at the bank. The maximum insurance coverage of the partnership's deposits is $100,000. The partnership's deposits are not insured as the partners' single or joint account deposits since the funds are owned by the partnership, not the partners.

Unincorporated associations

Deposit accounts held in the name of an unincorporated association engaged in an independent activity are insured as the association's funds, separately from the personal deposits of the members.

Important!
Insurance coverage for deposits held by an unincorporated association is a maximum of $100,000. The number of signatories on the account or the number of members that the association may have does **not** affect the amount of insurance coverage.

Example 33
A homeowners association, which has 150 members, maintains two different deposit accounts at the same bank: a checking account for its operating expenses and a reserve account for improvements to the common areas. Both of these accounts are added together and insured as the deposits of the homeowners association,

up to $100,000. It does not matter for deposit insurance purposes that the accounts are designated for different purposes or the association has 150 members.

Accounts held by a fiduciary

Deposit accounts held by an agent or other fiduciary for a corporation, partnership or unincorporated association are insured as the funds of the corporation, partnership or unincorporated association if the requirements for fiduciary accounts are met. The deposits will be added to any other funds the corporation, partnership or unincorporated association may hold at the same bank and insured to $100,000.

Example 34
A mortgage company maintains its operating accounts at the same bank as a local mortgage servicer. The mortgage servicer accepts loan payments for a number of mortgage lenders, including the mortgage company. The principal and interest portion of the loan payments that the local mortgage servicer accepts on behalf of the mortgage company will be added together with the mortgage company's operating funds and insured up to $100,000.

Example 35
A professional corporation owned by a group of attorneys maintains its attorney trust account (also known as an Interest on Lawyer Trust Account or IOLTA) at the same bank where one of the firm's clients, a local health club, also maintains an account. The deposits that the attorneys are holding in the IOLTA account on behalf of the health club will be added to the accounts the health club has placed directly at the bank, and insured up to $100,000. Deposits held in a fiduciary capacity are insured as the deposits of the client for whom the fiduciary is acting.

Government Accounts
12 C.F.R. § 330.15

Definition

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 limit

Insurance coverage of a public unit account extends to the official custodian of the public unit funds rather than to 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.

In addition, demand deposits maintained in a bank in the same state as the public unit are separately insured up to $100,000. Thus, 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 deposits are held in a bank located in the same state as the public unit. Demand deposits maintained by an official custodian of the United States are insured separately from any time deposits maintained by the same custodian at the same bank, regardless of the state in which the bank is located.

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

Official custodian

One person may serve as official custodian (government depositor) of the funds of more than one public unit. In addition, a public unit may have two or more official custodians, all of whom will have separate insurance coverage for the funds in their control.

To qualify for separate insurance coverage, the official custodian must have plenary authority, including control, over the funds owned by the public unit.

If the exercise of authority or control over the funds of a public unit requires action by or the consent of two or more custodians, the two custodians together will be treated as one official custodian for the purpose of calculating deposit insurance coverage.

Deposit insurance coverage cannot be increased by dividing funds among several official custodians who lack plenary authority over such funds. Likewise, coverage is not increased by dividing funds among several accounts controlled by the same official custodian for the same public unit.

Separate coverage for political subdivisions

If a public unit has political subdivisions, the deposits of each subdivision will be separately insured if each subdivision meets all of the following requirements:

- It was created under express authority of law.
- It has some functions of government delegated to it by law.
- It can exercise exclusive control over funds for its exclusive use.

Accounts maintained by a public unit in fiduciary capacity

When a public unit is holding deposits for others in a fiduciary capacity, the deposits will be insured as the funds of the principals for whom the custodian is acting, assuming the requirements for fiduciary accounts are met. For example, if a Clerk of the Court receives court-ordered child support payments for later distribution to the custodial parent/guardian, the deposit will be insured as the funds of the parent/guardian, not as public unit funds.

Special rules for bond or other public debt indentures

A special rule applies to deposits held by an officer, agent or employee of a public unit under a law or bond indenture that requires the funds to be set aside to discharge a debt owed to the holders of notes or bonds issued by the public unit. A deposit of such funds in a bank is insured up to $100,000 for the beneficial interest of each bondholder.

This coverage is separate from the coverage for other deposits owned by the public unit at the same bank. In order to obtain this special coverage, however, the deposit account must satisfy certain disclosure requirements applicable to deposits held by agents or fiduciaries. Specifically, the deposit account records of the bank must disclose the existence of the fiduciary relationship or the fiduciary nature of the deposit.

In addition, the details of the fiduciary relationship and the interests of the bondholders must be ascertainable from the records of the bank or the records of the depositor maintained in good faith and in the regular course of business. See 12 C.F.R.§330.5(b).

Special rules for BIA/Indian Tribe funds

Deposit accounts held by the Bureau of Indian Affairs (BIA) for individual Native Americans. Deposit accounts held by the BIA and deposited into a bank are insured up to $100,000 for each Native American for whom the BIA is acting. Unlike other types of fiduciary accounts, however, these funds are not aggregated with other funds that the same Native American also may hold at the same bank.

Funds held directly by a tribe. Native American tribes are considered separate public units for the purposes of deposit insurance coverage, and are insured pursuant to the requirements described in this section.

Funds held directly by Native Americans. The personal funds deposited by Native Americans are insured like any other depositor's personal accounts.

Collateralization of public unit deposits

Depending on applicable state or federal law, public unit accounts may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds.

Definition

Fiduciary accounts are deposit accounts established by a person or entity for the benefit of one or more other parties. Fiduciary relationships include, but are not limited to, arrangements involving:

- a trustee
- a nominee
- a guardian
- an agent
- a custodian

Types of fiduciary accounts

Fiduciary accounts include, but are not limited to:

- Uniform Transfer to Minors Act (UTMA) accounts (Also know as Uniform Gift to Minors Act or UGMA accounts)
- Accounts with a power of attorney
- Decedent estate accounts
- Real estate and other escrow accounts
- Mortgage servicing accounts
- Interest on lawyer trust accounts (IOLTA)
- Brokered deposits

Funds deposited by a fiduciary on behalf of one or more principals are insured as the funds of the principal (the actual owner) to the same extent as if the funds were deposited directly by the principal, provided **all** of the following requirements are met:

- The fiduciary nature of the account must be disclosed in the account title.
- The identities and the interests of the principals for whom the fiduciary is acting must be ascertainable from either the deposit account records of the bank, or records maintained in good faith and in the regular course of business by the depositor or by some person or entity that had undertaken to maintain such records for the depositor.

Disclosure requirements for multi-tier fiduciary accounts

Fiduciary accounts may involve multiple levels of relationships. For example, one agent may hold funds as nominee for another agent who in turn holds the funds as an agent for a third party, who in turn is an agent for a fourth party. For deposit accounts that involve multiple levels of fiduciary relationships, there are two ways to satisfy the FDIC's disclosure rules:

Option 1

a. Indicate on the deposit account records the existence of each and every level of the fiduciary relationship; and

b. Identify, at each level, the name and interests of the entity on whose behalf the party at each level is acting.

Option 2

a. Indicate on the deposit account records that the depositor is acting in a fiduciary capacity on behalf of certain persons or entities who may, in turn, be acting in a fiduciary capacity for others; and

b. Indicate the existence of additional levels of fiduciary relationships in records maintained in good faith and in the normal course of business by parties at subsequent levels; and

c. Indicate at each of the levels the names and interests of the persons on whose behalf the party at that level is acting.

No person or entity in the chain of parties will be permitted to claim that they are acting in a fiduciary capacity for others unless the possible existence of such a relationship is revealed at some previous level in the chain.

Failure to meet disclosure requirements

Failure to meet the disclosure requirements will result in the deposits being insured as the funds of the fiduciary in either the single account or corporate account category. These deposits will then be added to any other funds the fiduciary may hold in the same ownership category at the same bank, and the total will be insured up to $100,000.

This chapter describes some common misunderstandings about the deposit insurance rules that have resulted in unintended uninsured deposits when banks fail. The examples listed reflect the FDIC's experience with actual bank closings as well as information the FDIC has received from bankers and depositors.

Common misunderstandings affecting all ownership categories

1. Many depositors do not realize that placing funds in different types of deposit accounts (for example, checking, savings, CDs) does not provide for separate insurance coverage. All types of deposit accounts that a depositor has in the same ownership category are combined and insured up to the insurance limit for that ownership category. As an example, if Mary Jones has three accounts in her name alone at a bank – a checking account, a savings account, and a CD – the funds in all three accounts will be added together and insured up to $100,000 in total, not $300,000.

2. Many depositors do not know that outstanding official items such as interest and cashiers checks are deposits that will be combined with their other deposits in the same ownership category when calculating insurance coverage. For example, John Smith has a single account in his name alone with a bank for $100,000. Every month he receives a check for $200 representing the interest earned on this account. Until this check is presented and has cleared, John Smith has $100,200 in the single account category. If his bank should fail and this check is outstanding, he will be uninsured for $200.

3. Some depositors who use the services of a fiduciary, such as a deposit broker or a real estate agent, to deposit funds on their behalf at a bank have unwittingly exceeded the insurance limit when the fiduciary and the depositor have both opened deposit accounts for the depositor at the same bank. Since deposit insurance coverage applies to the owner of the funds, not the party placing the funds, the account opened by the depositor directly is added to the account opened by the agent or broker, and the total is insured up to the limit for the applicable insurance category. Both the depositor and the agent or broker need to know where the other is depositing funds.

As an example, James Johnson invests $100,000 with ABC Brokerage. The broker then deposits the $100,000 with Bank A. James Johnson separately deposits $50,000 in a single account in his name alone with Bank A. James Johnson now has $150,000 in the single account category with Bank A and will be uninsured for $50,000 if the bank failed.

4. Depositors may not realize when they have deposit accounts that fail to meet the requirements for insurance coverage in different ownership categories. As described in this *Employee's Guide*, there are specific requirements that must be met to qualify for deposit insurance coverage under each of the different ownership categories. When the requirements for a specific ownership category are not met, the insurance coverage will change to a different ownership category, most often the single account category.

   For example, Michael Mathews has an account at a bank in his name alone for $100,000. He opens another account at the same bank titled "Michael Mathews POD Susan Jackson (his niece)" for $80,000. He may believe he has separate insurance for these two accounts because they are set up as a single account and a POD account, but a niece is not a qualifying beneficiary for the revocable trust category. Consequently, Michael Mathews is considered to have $180,000 in the single account category and will be uninsured for $80,000 if his bank fails.

Common misunderstandings about single accounts

1. Owners of sole proprietorships often do not realize that deposit accounts belonging to the sole proprietorship are added together with any other single accounts they may have in their name alone at the same bank and the combined total is insured to a maximum of $100,000.

2. Some estate executors are under the mistaken impression that accounts held in the name of a decedent or by the executor or administrator of a decedent's estate are fully insured regardless of the deposit amount. In fact, such accounts are insured up to a maximum of $100,000 only, and insured in the name of the decedent.

3. Some depositors are under the mistaken impression that accounts established under the Uniform Transfer to Minors Act (UTMA) are owned by the custodian. Rather, such an account is owned by the minor and added with any other single accounts the minor may have at the same bank, and insured in total up to a maximum of $100,000.

Common misunderstandings about self-directed retirement accounts

1. Some depositors do not understand that all self-directed retirement deposits, such as IRAs (whether in one account or multiple accounts) owned by the same person at a bank are added together and the combined total is insured to a maximum of $250,000.

2. Some depositors are under the mistaken impression that naming beneficiaries on an IRA account will increase deposit insurance coverage for the owner's IRA. The number of beneficiaries listed on an IRA account does not affect insurance coverage. All IRAs are insured up to a total of $250,000 per owner at an insured bank.

3. Some former participants in employee benefit plans mistakenly believe that they must deposit all of the proceeds of their lump sum distribution (from their former employer) into a single IRA account at one bank. This assumption is incorrect. The funds received from a lump sum distribution can be divided and deposited into several different banks and all the funds will retain tax-exempt status provided they are deposited into qualified IRA accounts.

Common misunderstandings about joint accounts

1. Many depositors do not understand that the calculation of insurance coverage for joint accounts requires combining each co-owner's share of all joint accounts at the same bank. This misunderstanding is of particular concern when a depositor is the co-owner of multiple joint accounts that have different sets of co-owners. To calculate the coverage of joint accounts, the following requirements must be met:

   a. Determine each co-owner's share of each joint account by dividing the number of owners into the account balance.

b. If a person is the co-owner on more than one joint account, add together all of the shares that the person has in joint accounts at the bank. This amount (i.e., the co-owner's share of all joint accounts) is insured to $100,000. Any person's share of joint accounts that exceeds $100,000 will be uninsured, even if the other co-owner's shares for each account are less than $100,000.

The result is one or more of the co-owners' actual ownership interest in all of the accounts in the joint account category may exceed $100,000. Any deposits in excess of $100,000 will be uninsured.

2. Some co-owners of a joint account fail to sign the account signature card. FDIC rules state that all of the owners of an account must sign the signature card to qualify for coverage under the joint account category. This requirement does not apply if the account is a CD or a negotiable instrument, or if the account is set up by an agent or broker.

3. Some depositors believe they can establish a joint account with a corporation, association or other entity and qualify for joint account coverage. Under FDIC rules, only natural person(s) qualify for coverage under the joint account category. Business entities do **not** qualify under this category even if multiple officers, shareholders or any other legally authorized representatives sign on behalf of the legal entity.

Common misunderstandings about revocable trust accounts

1. A common mistake that depositors make in calculating coverage for revocable trust accounts is assuming that every person named on a revocable trust account – both the owner(s) and the beneficiaries – receives up to $100,000 in insurance coverage. This is not correct. Insurance coverage up to $100,000 is provided for each qualifying beneficiary that the account owner names on a revocable trust account. The owner of the revocable trust account does not receive an additional $100,000 of coverage in the revocable trust account category.

Example 36

Insurance coverage of a revocable trust account with multiple owners and a single beneficiary

Account Title	Balance
Mr. MacLean and Mrs. MacLean in trust for Megan (granddaughter)	$ 300,000

Coverage for this account can be restated as:

Owner/Beneficiary	Ownership Share	Insured Amount	Uninsured Amount
Mr. MacLean ITF Megan	$ 150,000	$ 100,000	$ 50,000
Mrs. MacLean ITF Megan	150,000	100,000	50,000
Total	**$ 300,000**	**$ 200,000**	**$ 100,000**

Explanation
As discussed above, the insurance coverage of qualified revocable trusts is based on the number of qualifying beneficiaries each owner names, **not** the number of people whose names appear on the account. In this example, the two owners each have one qualifying beneficiary, so each owner's share is insured to $100,000, for total coverage of $200,000.

2. When a revocable trust account has more than one owner, the owners can encounter problems when a beneficiary is a qualifying beneficiary for one owner but not the other(s). When this situation occurs, all of the deposits that the owner holds for a non-qualifying beneficiary are ineligible for coverage under the revocable trust category. The owner's ineligible deposits will then be considered the owner's single account deposits and will be combined with any other funds the owner may have in the single ownership account category.

Example 37

Insurance coverage of a revocable trust where the beneficiaries are qualifying for one owner but not for the other

Account Title	Balance
Sally and Harry Jones payable on death to Harry's mother and father	$ 300,000

Coverage for this account can be restated as:

- Sally's share = $150,000
- Harry's share = $150,000

Owner/ Beneficiary	Ownership Share	Revocable Trust Account	Single Account	Insured Amount	Uninsured Amount
Harry Jones POD to his mother	$ 75,000	$ 75,000	$ 0	$ 75,000	$ 0
Harry Jones POD to his father	75,000	75,000	0	75,000	0
Sally Jones POD to mother-in-law	75,000	0	75,000	50,000	25,000
Sally Jones POD to father-in-law	75,000	0	75,000	50,000	25,000
Total	**$ 300,000**	**$ 150,000**	**$ 150,000**	**$ 250,000**	**$ 50,000**

Explanation
Since Harry Jones' mother and father are not qualifying beneficiaries for Sally Jones (they are her in-laws), Sally Jones' share of the account (50% or $150,000) does not qualify for insurance in the revocable trust account category. Sally's share of the account, therefore, is insured as her single account funds. In this example, Sally Jones does not have any other single accounts at the bank so $100,000 is insured in the single ownership category and $50,000 is uninsured.

3. Some depositors believe they can obtain additional insurance coverage by opening several revocable trust accounts at the same bank for the same beneficiaries. If a depositor opens multiple revocable trust accounts at a bank and those deposits are held in trust for the same beneficiary, the funds in all of an owner's deposit accounts held for the beneficiary will be combined and insured up to $100,000.

Example 38

Insurance coverage of multiple revocable trusts with common owners and beneficiaries

Account	Account Title	Balance
1	Charles and Theresa Bannister (husband and wife) in trust for Nancy, Ken and Carol (children)	$ 600,000
2	Theresa Bannister in trust for Carol and Anna (grandchild)	$ 200,000

Coverage for these accounts can be restated as:

Account	Owner/Beneficiary	Ownership Share	Insured Amount	Uninsured Amount
1	Charles ITF Nancy	$ 100,000	$ 100,000	$ 0
1	Charles ITF Ken	100,000	100,000	0
1	Charles ITF Carol	100,000	100,000	0
1	Theresa ITF Nancy	100,000	100,000	0
1	Theresa ITF Ken	100,000	100,000	0
1&2	Theresa ITF Carol	200,000	100,000	100,000
2	Theresa ITF Anna	100,000	100,000	0
Total		**$ 800,000**	**$ 700,000**	**$ 100,000**

Explanation

When an account owner names the same qualifying beneficiary on multiple accounts at the same bank, the amount placed in trust for that beneficiary in each account is added together and the total is insured to $100,000. Since Carol was named as a beneficiary by Theresa Banister on both accounts, those amounts attributable to Carol on each account are added together, even though one account is co-owned by Charles and Theresa Banister and the other is owned solely by Theresa. The combined total is insured to $100,000 and $100,000 is uninsured.

4. Some depositors do not understand that insurance coverage for revocable trust accounts is provided to each owner based on the interests that a qualifying beneficiary has in the trust's deposits. The FDIC insures each owner for the interests of each qualifying beneficiary to $100,000. When a trust provides for the beneficiaries to receive different interests, the different interests must be calculated for each beneficiary, then the insurance limit is applied for each beneficiary to determine the total amount of insurance coverage.

Example 39
Insurance coverage of a revocable trust with two owners, which provides that upon the death of the last owner, the funds pass to their three children, but not on an equal basis. The trust specifies that one child, Henry, receives 50% of the trust assets, with the remaining 50% split equally between the other two children, Art and Kate.

Example 39

Account Title	Balance
Alan and Jill Spence, owners of the Spence Revocable Trust	$ 600,000

Coverage for this accounts can be restated as:

- Alan's share = $300,000
- Jim's share = $300,000

Owner/Beneficiary		Ownership Share	Insured Amount	Uninsured Amount
Alan to Henry	(50% of $300,000)	$ 150,000	$ 100,000	$ 50,000
Alan to Art	(25% of $300,000)	75,000	75,000	0
Alan to Kate	(25% of $300,000)	75,000	75,000	0
Jill to Henry	(50% of $300,000)	150,000	100,000	50,000
Jill to Art	(25% of $300,000)	75,000	75,000	0
Jill to Kate	(25% of $300,000)	75,000	75,000	0
Total		**$ 600,000**	**$ 500,000**	**$ 100,000**

Explanation
The trust relationship of the parents (Alan and Jill) to the child (Henry) of $150,000 exceeds the $100,000 limit, resulting in $50,000 uninsured from each parent for a total of $100,000 uninsured.

In order for the account to be fully insured, the owner must ensure that the deposits attributable to the beneficiary with the largest percentage interest do not exceed $100,000. Since Henry holds a 50% interest in the trust assets, the most that this trust can have on deposit at one bank and still be fully insured is $400,000. This results in each owner having a trust relationship to Henry of $100,000 ($200,000 in total for both co-owners) and a trust relationship to Art and Kate of $50,000 each ($200,000 in total for both co-owners).

Common misunderstandings about corporation, partnership and unincorporated association accounts

1. Corporations, partnerships and unincorporated associations often mistakenly believe that coverage for the entity's deposits is based on the number of individuals who own or have an interest in the entity. Deposits owned by a corporation, partnership or unincorporated association are insured up to $100,000. FDIC insurance does not pass through to the individual partners, officers or shareholders of the entity. Similarly, deposit accounts owned by a homeowners association are not entitled to "pass-through" insurance coverage to the individual members. Even though the homeowners benefit from the activities of the association, the funds are owned by the association and are insured up to $100,000.
2. Many corporations, partnerships and unincorporated associations mistakenly believe that deposits designated for different purposes and established in different accounts (for example, *Research & Development and Operating Funds)* receive separate insurance coverage. This is incorrect. All deposits owned by an entity at one bank are added together and insured up to $100,000. Deposits belonging to an entity but designated for different functions or departments of the same organization are not separately insured unless those divisions are separately incorporated and engaged in an independent activity.

Common misunderstandings about irrevocable trust accounts

1. Some depositors fail to recognize that deposits held by two or more irrevocable trusts established by the same grantor for the same beneficiaries are not separately insured. Under the FDIC's rules, the interests of a beneficiary in two or more irrevocable trust accounts established by the same grantor are added together and insured up to $100,000.
2. Some irrevocable trust owners are not aware that if an irrevocable trust does not meet the requirements for separate coverage in the irrevocable trust category (for example, if the grantor retains an interest in some or all of the trust), the portion of the trust that does not meet the requirements (for example, the retained interest) will be combined with the owner's single accounts, if any, and the total insured up to a maximum of $100,000.

Common misunderstandings about employee benefit plan accounts

1. It is important to remember that any deposits representing an employee benefit plan, where the beneficiaries' interests are contingent (such as a health and welfare plan), do **not** qualify for "pass-through" coverage. All deposits in one or more accounts in a bank linked to such a plan are combined and insured up to a maximum of $100,000.

2. Employee benefit plan administrators may not recognize that insurance coverage for the plan is based on the actual interests of each plan participant rather than the number of participants. FDIC rules state that "pass-through" coverage for employee benefit plans that qualify for such coverage (see § 330.14) is provided for the "non-contingent" interest of each participant in the plan. Coverage is not calculated by adding up the number of plan participants and multiplying by $100,000. Rather, coverage is based on the "non-contingent interest" of each plan participant up to $100,000. Plan participants usually have different interests in any given plan and it is important to correctly calculate the insurance coverage to ensure that none of the participants' interests exceed $100,000.

   The following calculation can be used to determine the maximum insurable amount for an employee benefit plan that qualifies for "pass-through" coverage:

   - Identify which plan beneficiary has the largest interest in the total plan assets;
   - Determine his or her percentage share; and
   - Divide $100,000 by that percentage.

   This is the maximum amount the plan will be insured for at any one bank ($100,000 divided by largest percentage interest in the plan equals the maximum insurable amount).

The following example illustrates the application of this calculation to an employee benefit plan:

Example 40

Account Title	Balance
Happy Smile Dentists, Inc. Profit Sharing Plan	$ 400,000

Coverage for these accounts can be restated as:

Plan Participants	Plan Share	Ownership Share	Insured Amount	Uninsured Amount
Dr. Blake	40%	$ 160,000	$ 100,000	$ 60,000
Dr. Martin	35%	140,000	100,000	40,000
Tech Wilson	15%	60,000	60,000	0
Tech Johnson	10%	40,000	40,000	0
Plan Total	**100%**	**$ 400,000**	**$ 300,000**	**$ 100,000**

Explanation
As illustrated above, it does not matter if other employees' shares are under the insurance limit – if any employee's share exceeds $100,000, the amount over the limit will be uninsured. In the above example, the most that this plan can have on deposit and still have all participants fully insured is $250,000 ($100,000 divided by 40% – the share attributable to the largest participant – equals $250,000).

3. Some plan administrators do not understand that the interests of the same participant in multiple plans established by the same employer are added together before calculating insurance coverage. As an example, if an employee is the participant of more than one plan established by his employer (such as a deferred compensation plan and a money-purchase plan) and funds from both plans are deposited into the same bank, a participant's interest from each plan will be added together and the total insured to a maximum of $100,000.

Common misunderstandings that can result in uninsured funds in the government account category

1. Some public unit custodians incorrectly believe that if their deposits at a bank are collateralized, then their deposits are fully insured. The existence of collateral has no effect on whether the public unit deposit is insured and on the amount of coverage available to the public unit. The existence and the liquidation of collateral can be a source of recovery for the depositor if the bank fails and there are uninsured funds.
2. Custodians for public units may not realize that to obtain $200,000 in total coverage at one bank, no more than $100,000 can be deposited into interest bearing accounts (for example, savings accounts, CDs and interest bearing checking accounts) and no more than $100,000 in non-interest bearing (for example, demand deposit) accounts. To receive up to $200,000 in total coverage, the deposits must meet the requirements for the location of the bank as described in 12 C.F.R. § 330.15.
3. Custodians for public units may not realize that public unit deposits designated for different purposes are not separately insured. If the funds are all held by the same official custodian of the same public unit, they will be added together when calculating insurance coverage and insured up to $100,000 for all demand deposit accounts and $100,000 for all time and savings accounts, as provided by 12 C.F.R. § 330.15.

As described in this *Employee's Guide*, FDIC deposit insurance coverage is determined according to how the funds are owned (right and capacity). Deposits held in a bank in the same right and capacity (which means legal ownership such as single, joint, trust, IRA) are added together and insured up to $100,000, including principal and any earned interest. This chapter provides several examples of the insurance coverage provided for funds owned by the same depositor(s) in more than one ownership category.

Important!
There are specific requirements that must be met for deposits to be separately insured in each ownership category. These requirements are set forth in the regulations and in this *Employee's Guide*. The examples provided in this chapter assume all account owners and any beneficiaries are alive when the bank fails.

This example illustrates how depositors can have more than the basic insurance amount in a bank in different ownership categories and have all deposits fully insured.

Account Group 1

Account	Owner	Ownership Category	Balance
1	Eric and Kate Boyd	Joint	$ 200,000
2	Eric and Kate Boyd POD Michael, Karen and Bob (children)	Revocable Trust	600,000
3	Eric Boyd POD Kate Boyd (spouse)	Revocable Trust	100,000
4	Kate Boyd POD Eric Boyd (spouse)	Revocable Trust	100,000
5	Eric Boyd's IRA	Retirement	250,000
6	Kate Boyd's IRA	Retirement	250,000
Total			**$ 1,500,000**

Summary of Coverage

Joint Account Category

Owner	Ownership Share	Insured Amount	Uninsured Amount
Eric	1/2 of Account 1 ($100,000)	$ 100,000	$ 0
Kate	1/2 of Account 1 ($100,000)	100,000	0
Total Joint Account Coverage		**$ 200,000**	**$ 0**

Revocable Trust Category

Account	Owner to Beneficiary	Insured Amount	Uninsured Amount
2	Eric Boyd POD Michael (child)	$ 100,000	$ 0
2	Eric Boyd POD Karen (child)	100,000	0
2	Eric Boyd POD Bob (child)	100,000	0
2	Kate Boyd POD Michael (child)	100,000	0
2	Kate Boyd POD Karen (child)	100,000	0
2	Kate Boyd POD Bob (child)	100,000	0
3	Eric Boyd POD Kate Boyd (spouse)	100,000	0
4	Kate Boyd POD Eric Boyd (spouse)	100,000	0
Total Revocable Trust Account Coverage		**$ 800,000**	**$ 0**

Retirement Account Category

Account	Owner	Insured Amount	Uninsured Amount
5	Eric Boyd's IRA	$ 250,000	$ 0
6	Kate Boyd's IRA	250,000	0
Total Retirement Account Coverage		**$ 500,000**	**$ 0**
Total for Account Group 1		**$ 1,500,000**	**$ 0**

This example illustrates insurance coverage involving a combination of both corporate and personal deposit accounts.

Account Group 2

Account	Owner	Ownership Category	Balance
1	Karl Smith and Judy Smith	Joint	$ 150,000
2	Karl Smith and Bill Smith	Joint	150,000
3	Bois Blanc Landscaping, Inc. Karl and Bill Smith (owners)	Corporation, Partnership & Unincorporated Assoc.	100,000
Total			**$ 400,000**

Summary of Coverage

Joint Account Category

Owner	Ownership Share		Insured Amount	Uninsured Amount
Karl	1/2 of Account 1 and 1/2 of Account 2	($75,000) ($75,000)	$ 100,000	$ 50,000
Judy	1/2 of Account 1	($75,000)	75,000	0
Bill	1/2 of Account 2	($75,000)	75,000	0
Total Joint Account Coverage			**$ 250,000**	**$ 50,000**

Corporate, Partnership, and Unincorporated Association Account Category

Account	Company Name	Insured Amount	Uninsured Amount
3	Bois Blanc Landscaping, Inc.	$ 100,000	$ 0
Total Corporate, Partnership, and Unincorporated Association Account Coverage		**$ 100,000**	**$ 0**
Total for Account Group 2		**$ 350,000**	**$ 50,000**

Explanation

Since Karl is a co-owner of two joint accounts, his share (50%) of each account is added together and the total ($150,000) is insured up to $100,000 and $50,000 is uninsured. Corporate deposits are insured separately from the personal funds of the owners.

This example illustrates the effect of depositing funds in POD (revocable trust) accounts with non-qualifying beneficiaries and the effect of aggregation with other single account deposits.

Account Group 3

Account	Owner	Ownership Category	Balance
1	Jeff Jones and Dan Smith	Joint	$ 200,000
2	Jeff Jones POD Dan Smith (friend)	Revocable Trust	100,000
3	Dan Smith POD Jeff Jones (friend)	Revocable Trust	100,000
4	Jeff Jones	Single	5,000
Total			**$ 405,000**

Summary of Coverage

Joint Account Category

Owner	Ownership Share		Insured Amount	Uninsured Amount
Jeff	1/2 of Account 1	($100,000)	$ 100,000	$ 0
Dan	1/2 of Account 1	($100,000)	100,000	0
Total Joint Account Coverage			**$ 200,000**	**$ 0**

Revocable Trust Category

Account	Owner to Beneficiary
2	Jeff Jones POD Dan Smith (friend)•
3	Dan Smith POD Jeff Jones (friend)•

• Neither of these accounts named make it a qualifying beneficiary, so all the funds revert to the single account category for each owner. See below.

Single Account Category

Owner	Ownership Share		Insured Amount	Uninsured Amount
Jeff	Accounts 2 & 4	($105,000)	$ 100,000	$ 5,000
Dan	Account 3	($100,000)	100,000	0
Total Single Account Coverage			**$ 200,000**	**$ 5,000**
Total for Account Group 3			**$ 400,000**	**$ 5,000**

Explanation

Since Jeff and Dan each name a non-qualifying beneficiary (friend) on their payable on death accounts, these deposits are insured as their single accounts. Jeff's other single account for $5,000 is added to his payable on death account that does not qualify under the revocable trust category, and the total is insured up to $100,000. Their joint account is fully insured.

This example illustrates how to calculate insurance coverage for revocable trust accounts with a combination of both qualifying and non-qualifying beneficiaries and the effect of aggregation with other single accounts.

Account Group 4

Account	Owner	Ownership Category	Balance
1	Mary Parker POD Tommy Moore (nephew)	Revocable Trust	$ 100,000
2	Mary Parker POD Sally Moore (sister) and Tommy Moore (nephew)	Revocable Trust	100,000
3	Mary Parker	Single	50,000
4	Mary and John Parker	Joint	200,000
5	Mary Parker's Roth IRA	Retirement	175,000
6	Mary Parker's IRA	Retirement	100,000
Total			**$ 725,000**

Summary of Coverage

Revocable Trust Category

Account	Owner to Beneficiary	Balance	Insured Amount	Uninsured Amount
1	Mary POD Tommy	■	0	■
2	Mary POD Sally (50%)	$ 50,000	$ 50,000	0
2	Mary POD Tommy (50%)	■	0	■
Total Revocable Trust Account Coverage		**$ 50,000**	**$ 50,000**	**0**

■ Accounts 1 and 2 both name a non-qualifying beneficiary (nephew). Therefore,the funds payable on death to that beneficiary (Tommy) revert to the single account category and are added to Mary's other single account to determine insurance coverage.

Single Account Category

Account	Ownership Share	Balance	Insured Amount	Uninsured Amount
1	Mary POD Tommy (100%)■	$ 100,000	$ 100,000	0
2	Mary POD Tommy (50%)■	50,000	0	$ 50,000
3	Mary	50,000	0	50,000
Total Single Account Coverage		**$ 200,000**	**$ 100,000**	**$ 100,000**

Account Group 4 (continued)

Joint Account Category

Owner	Ownership Share	Balance	Insured Amount	Uninsured Amount
Mary	1/2 of Account 4 ($100,000)	$ 100,000	$ 100,000	$ 0
John	1/2 of Account 4 ($100,000)	$ 100,000	100,000	0
Total Joint Account Coverage		**$ 200,000**	**$ 200,000**	**$ 0**

Retirement Account Category

Account	Owner	Balance	Insured Amount	Uninsured Amount
5	Mary Parker's Roth IRA	$ 175,000	$ 175,000	$ 0
6	Mary Parker's IRA	100,000	75,000	25,000
Total Retirement Account Coverage		**$ 275,000**	**$ 250,000**	**$ 25,000**
Total for Account Group 4		**$ 725,000**	**$ 600,000**	**$ 125,000**

Explanation

Account 1, which is a POD account naming Mary's nephew as the sole beneficiary, is insured in the single account ownership category because Mary's nephew is not a qualifying beneficiary. POD deposits attributable to non-qualifying beneficiaries are always insured as the owner's single account funds. The portion of Account 2 attributable to Mary's sister, Sally, is insured in the revocable trust category because Sally is a qualifying beneficiary. The portion of Account 2 attributable to Tommy, Mary's nephew, is insured in the single account ownership category because the nephew is a non-qualifying beneficiary. Therefore, Account 1 and the non-qualifying portion of Account 2 will be insured as Mary's single accounts, which will be added to the funds she has in Account 3. The total of Mary's single account funds is $200,000, of which $100,000 is insured and $100,000 is uninsured.

Mary and John's joint account is fully insured up to $200,000. Mary's two IRA accounts are added together totaling $275,000. Since the maximum insurance coverage in the IRA category is $250,000 per owner, she has $25,000 uninsured.

This example illustrates how sole proprietorship deposits are not separately insured from other single accounts of the owner. Also, depositors opening multiple revocable trust accounts need to ensure that the total amount between the owner and a qualifying beneficiary does not exceed $100,000.

Account Group 5

Account	Owner	Ownership Category	Balance
1	Hank Thomas	Single	$ 15,000
2	Hank Thomas dba Hank's Collectibles (a sole proprietorship)	Single	90,000
3	Hank and Paula Thomas POD Greg (son)	Revocable Trust	200,000
4	Hank Thomas POD Greg (son) and Billy (grandson)	Revocable Trust	100,000
Total			**$ 405,000**

Summary of Coverage

Single Account Category

Account	Owner	Balance	Insured Amount	Uninsured Amount
1	Hank Thomas	$ 15,000	$ 15,000	$ 0
2	Hank Thomas dba Hank's Collectibles	90,000	85,000	5,000
Total Single Account Coverage		**$ 105,000**	**$ 100,000**	**$ 5,000**

Revocable Trust Category

Owner to Beneficiary	Balance	Insured Amount	Uninsured Amount
Hank POD Greg (son) – 50% of Account 3 and 50% of Account 4	$ 150,000	$ 100,000	$ 50,000
Paula POD Greg (son) – 50% of Account 3	100,000	100,000	0
Hank POD Billy (grandson) – 50% of Account 4	50,000	50,000	0
Total Revocable Trust Account Coverage	**$ 300,000**	**$ 250,000**	**$ 50,000**
Total Coverage for Account Group 5	**$ 405,000**	**$ 350,000**	**$ 55,000**

Explanation

Deposits held in the name of a business that is a sole proprietorship are not separately insured from the single account funds of the owner of the business. Hank's sole proprietorship account and his other single account total $105,000. Therefore, $100,000 is insured and $5,000 is uninsured. The funds that Hank has payable on death to Greg in the account he co-owns with Paula (Account 3) are added together with the funds he has payable on death to Greg in the account he owns alone (Account 4). The owner of payable on death deposits is insured up to $100,000 per qualifying beneficiary. The total payable on death to Greg in these two accounts is $150,000, so $100,000 is insured and $50,000 is uninsured.

The FDIC's informational resources on deposit insurance coverage are described below. These resources can be found on the FDIC's web site at: **www.fdic.gov/deposit/deposits.**

FDIC videos

FDIC's Overview on Deposit Insurance Coverage

This video provides a basic overview of how FDIC deposit insurance works. It focuses on the most common account ownership categories used by individuals and families. In addition to viewing the video on FDIC's web site, it is available to bankers on VHS, DVD and CD-ROM. The video is available in English and Spanish with closed captioning for the hearing impaired.

FDIC's Seminar on Deposit Insurance Coverage

This video is a comprehensive presentation on deposit insurance coverage, explaining in detail the rules and requirements for all account ownership categories, with illustrated examples. In addition to viewing the video on the FDIC's web site, it is available to bankers on VHS, DVD and CD-ROM. All versions have an option to view the transcript in English or Spanish.

Seminar on Deposit Insurance Resources for Bankers

This seminar demonstrates how an insured-bank can use the FDIC's many deposit insurance tools and resources to help employees explain insurance coverage to depositors. It presents the insurance coverage for self-directed retirement accounts, employee benefit plan accounts, and accounts held by living trusts. This seminar is in English and only available on the FDIC web site.

Electronic deposit insurance estimator	**EDIE-Online Version** is a user friendly internet application that can help bank customers learn about deposit insurance and calculate insurance coverage of their deposit accounts. Two formats are offered: 1. The "Walk Me Through" format is a step-by-step approach that helps users calculate their coverage by entering information about their accounts at an FDIC-insured institution. 2. The "Calculator" format is an all-inclusive approach that allows users to enter all the necessary information on one screen. After entering all data, EDIE will generate a printable report clearly showing the amount of insurance coverage for the user's accounts. EDIE-Online Version is available only through the FDIC's web site at: **www2.fdic.gov/edie.** Financial institutions can place a link to EDIE-Online Version on their Internet or Intranet to make it available to their employees. **EDIE-Banker Version** allows financial institution personnel to calculate insurance coverage of customer's accounts. EDIE-Banker Version can be used to calculate the insurance coverage of single, retirement, joint, living trust/ITF/POD and business/organization accounts. EDIE-Banker Version is not available online. Bankers can download EDIE-Banker Version from the FDIC's web site or order a CD-ROM using an online order form. The CD-ROM version may be copied onto a PC hard drive, or loaded onto an institution's Intranet or network. EDIE-Banker Version, on CD-ROM, does not require an internet connection.
Inventory of deposit insurance guidance (IDIG)	IDIG is an electronic job aid for bank employees that compiles – in one location – an inventory of FDIC guidance on deposit insurance coverage. IDIG can search its database for deposit insurance information categorized by topic. It has links to all FDIC deposit insurance publications and other resources. IDIG also has a detailed list of questions and answers and an "A to Z" glossary of terms. This resource tool is available on CD-ROM.

FDIC deposit insurance brochures and guide

Insuring Your Deposits explains the basic and most common ownership categories of insurance coverage, including individual accounts, self-directed retirement accounts, joint accounts and revocable trust accounts. Most depositors will find that this guide meets their need for information about deposit insurance coverage.

Your Insured Deposits explains all of the deposit insurance categories (including living trust accounts). It is especially useful for large depositors, those with unusual deposit insurance requirements, and bankers who are assisting depositors with deposit insurance questions.

Financial Institution Employee's Guide to Deposit Insurance is the most comprehensive reference the FDIC provides on the rules for deposit insurance coverage. This guide has a detailed discussion on each account ownership category and provides numerous examples of deposit insurance coverage for different deposit account situations with differing levels of complexity.

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How to Contact the FDIC

Call toll-free at:
1-877-ASK-FDIC (1-877-275-3342)
from 8 am until 8 pm (Eastern Time)
Monday through Friday

Hearing Impaired Line:
1-800-925-4618

Read more about FDIC insurance online at:
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www2.fdic.gov/starsmail

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FDIC
Division of Supervision and Consumer Protection
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