



PENNSYLVANIA ASSOCIATION OF COMMUNITY BANKERS

THE VOICE FOR COMMUNITY BANKING IN PENNSYLVANIA SINCE 1876

Consumer Tips November 2009 Is Your Money Protected?



Member FDIC. You've seen the sign many times, but have you ever wondered what it means? Today, with some banks closing, it is important that you see this sign at your bank. If you and

your family have \$250,000 or less in your deposit accounts at an insured bank, your deposits are fully protected by the US government. And with careful planning, the Federal Deposit Insurance Corporation or FDIC will often insure more than \$250,000 at a single bank. This column provides you with tips from the FDIC to make sure your money is safe and secure.

Not long ago, the deposit insurance limit was \$100,000. Recently, Congress raised the limit to \$250,000. If you have more than \$250,000 at your bank, your deposits may also be protected under several different types of "ownership" categories. Suppose you have \$575,000 in different ownership categories at your bank, e.g. some funds in a single account, some in a joint account, and the rest in retirement accounts. It is possible that the entire \$575,000 is insured by the FDIC (as long as you don't have more than \$250,000 deposited in any one ownership category).

- Single (one name) accounts are insured up to \$250,000.
- Each depositor who has money in joint accounts (accounts owned by two or more people) is protected up to \$250,000 for the funds he/she has in joint accounts.
- Certain retirement accounts, including IRAs, are covered to \$250,000.
- Revocable trust accounts (deposits intended to pass along to named beneficiaries when the account owner dies) can be protected to \$250,000 for each named beneficiary. However, with this category, you would need to confer with your personal banker.

What if I'm a single person with more than \$250,000 in my bank account? You might consider putting the excess money in a joint account with another individual or put it in an account with beneficiaries (revocable trust account). You need to realize that with a joint account you are giving the other joint owner legal ownership of the money in the joint account. Check with your bank (who must employ someone who understands the FDIC deposit insurance) and your accountant or attorney before finalizing your plans. Consider

moving your excess funds to another FDIC-insured institution. And, ask your bank about other methods for insuring excess funds—there are some third party methods available (e.g. CDARS).

Review your insurance coverage periodically to make sure you still fall within the \$250,000 insured limit. Here are some things that might trigger a reexamination of your accounts:

- Before you open a new account, review all of the accounts your family currently has at the institution to make sure you will have adequate coverage.
- Death of a loved one. The FDIC will automatically insure the deceased person's share for another six months, but after that, you need to make sure there's not more than \$250,000 in that account.
- If you receive a large payment from the sale of a house or insurance claim.
- If you have accounts at two institutions that merge, be sure the combined funds do not exceed the \$250,000 insurance limit.

If my bank fails tomorrow, how quickly will the FDIC pay me the total amount of my insured funds?

Contrary to misinformation that spreads as quickly as a wildfire, federal law requires the FDIC to pay deposit insurance as soon as possible, usually the first business day after the bank is closed. And, if a bank failure or consolidation causes you to exceed the \$250,000 limit, you'll want to move your money around.

Remember, in 75 years, no one has lost a penny of FDIC-insured deposits.

For more information on FDIC insurance and how your money can be affected, log on to www.myFDICinsurance.gov

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