

Recent Changes to the FDIC Insurance Rules

Transaction Account Guarantee Program

Deposits held in noninterest-bearing transaction accounts, low-interest NOW accounts, and IOLTA accounts are fully insured, regardless of the amount in the account. This full coverage is in effect through December 31, 2009, but only at institutions participating in the FDIC's Transaction Account Guarantee Program (TAGP). Contact your financial institution to confirm its participation in the TAGP.

Temporary increase in basic FDIC insurance amount

The standard insurance amount is \$250,000 per depositor through December 31, 2013. Federal law provides that this amount will be \$100,000 per depositor beginning January 1, 2014.

New Basic FDIC Deposit Insurance Limits for Common Ownership Types*

Single Accounts (owned by one person)	\$250,000 per owner
Joint Accounts (two or more persons)	\$250,000 per co-owner
IRAs and other certain retirement accounts	\$250,000 per owner
Revocable Trust (ITF/POD) Accounts	\$250,000 per owner per beneficiary subject to specific limitations and requirements
Corporation/Partnership/Organization Accounts	\$250,000

**For information on the requirements for these ownership categories, click on the FDIC Info section of EDIE*

Note: Insurance coverage for certain retirement accounts, which include all IRA deposit accounts, was increased permanently to \$250,000 per depositor in 2006; therefore, these accounts will continue to be insured to \$250,000 per depositor after December 31, 2013.

New FDIC Rules for Revocable Trust Deposits

The FDIC has adopted new rules that simplify how revocable trust deposits are insured. The new rules, which became effective on September 26, 2008, ensure that a revocable trust owner has at least as much coverage as he or she had under the former revocable trust account rules. The new rules change the calculation of coverage for revocable trust deposits in two significant ways:

First, the new rules provide that the owner of a revocable trust deposit is eligible to receive per-beneficiary coverage for any beneficiary named in the revocable trust, as long as the beneficiary is an individual, a charity or another nonprofit organization (recognized as such in the Internal Revenue Code).

Second, the new rules provide for a streamlined method of calculating insurance coverage depending on the number of beneficiaries who are entitled to receive the deposits when the trust owner (or owners) dies. Specifically, the rules provide that:

- *For Revocable Trusts with Five or Fewer Beneficiaries:* All revocable trust deposits belonging to one trust owner are insured up to \$250,000 times the number of beneficiaries. For example, if a revocable trust owner has one beneficiary, his or her maximum coverage is \$250,000 for all trust deposits at the same insured bank. If a revocable trust owner has five beneficiaries, his or her maximum coverage is \$1,250,000 for all trust deposits at the same insured bank.
- *For Revocable Trusts with Six or More Beneficiaries:* All revocable trust deposits belonging to one trust owner are insured to the **greater** of either \$1,250,000 or the aggregate amount of all the beneficiaries' actual proportional interests in the revocable trust(s), up to a maximum of \$250,000 per beneficiary.