Financial Institution Employee's Guide to Deposit Insurance

FDIC

UPDATED APRIL 1, 2024

FEDERAL DEPOSIT INSURANCE CORPORATION

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Updated 2024

Financial Institution Employee’s Guide to Deposit Insurance (“Employee’s Guide”)

Note about possible changes to this Employee’s Guide:
This edition of the Financial Institution Employee’s Guide to Deposit Insurance (“Employee’s Guide” or “Guide”) includes regulatory and statutory deposit insurance rules that are effective as of the date of publication. The online version of this Employee’s Guide will be updated upon any regulatory or statutory change that affects the contents of this document.

INTRODUCTION

About the Employee's Guide

This Employee's Guide is intended to assist depository institutions insured by the Federal Deposit Insurance Corporation ("FDIC") in providing accurate information about FDIC insurance coverage to their depositors.

Note: For simplicity, the term "insured depository institution" ("IDI") is used throughout this Employee's Guide to mean any bank or savings association that is FDIC-insured.

Important Disclaimers

The information contained in this Employee's Guide is intended to assist IDI employees in determining FDIC deposit insurance coverage for deposits held in IDIs. The information in this resource is based on the FDIC's deposit insurance rules and regulations found at 12 C.F.R. Part 330.

The Employee's Guide is not intended to provide legal, financial, or estate planning advice, nor is it intended to provide guidance for the creation of revocable or irrevocable trust agreements. For legal, financial or estate planning advice, it is recommended that depositors contact a financial advisor or an attorney.

The examples provided in this Employee's Guide are drawn from thousands of questions received by the FDIC. The examples are not intended to describe every situation that may arise. This is especially true for revocable or irrevocable trusts.

Use caution when applying the examples in this Employee's Guide to determine FDIC deposit insurance coverage for a specific trust agreement. Although the trust described in an example may appear to be similar to an actual trust, there may be subtle differences in the terms and conditions that could result in a different answer when calculating deposit insurance coverage. The modification of a trust agreement at some future date also may affect the calculation of coverage for a particular trust. In addition, the death of an owner or beneficiary will significantly affect FDIC deposit insurance coverage. This Employee's Guide may use examples or terminology that may not be applicable to a specific individual's trust because of regulatory or statutory provisions in the state in which the depositor resides.

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

The Employee's Guide should be used in conjunction with the FDIC's reference materials found on the FDIC's webpage: https://www.fdic.gov/resources/deposit-insurance/.

For help from an FDIC deposit insurance subject matter expert, call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342).

All names used in the examples in this Employee's Guide are fictitious and do not represent real persons.

Effective Date

This edition of the Employee's Guide describes the deposit insurance rules in effect at publication. Included in this Employee's Guide is current information on all deposit insurance coverage regulations effective through the publication date of this Employee's Guide. Additional information can be found at FDIC's website at www.fdic.gov.

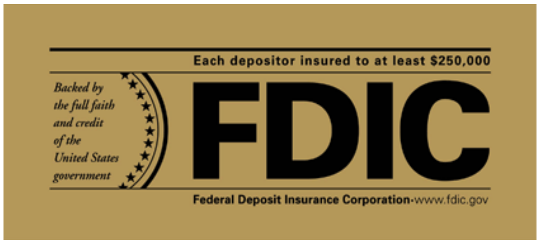
DEPOSIT INSURANCE BASICS

FDIC's Deposit Insurance Program

The FDIC protects the depositors of Insured Depository Institutions (IDIs) against the loss of their deposits due to an IDI failure (up to the applicable insurance limit).

FDIC Official Sign (12 C.F.R § Part 328)

IDIs must display the FDIC sign shown below at each teller window or teller station "where insured deposits are usually and normally received," or in some instances, at a location visible from other areas where deposits are usually and normally received.



Digital Official Sign

Beginning **March 1, 2026**, look for the FDIC official digital sign on bank websites, bank applications, and, where applicable, certain bank ATMs.

FDIC *FDIC-Insured – Backed by the full faith and credit of the U.S. Government*

Standard Maximum Deposit Insurance Amount ("SMDIA") (12 C.F.R. § 330.1(o))

The FDIC pays deposit insurance upon the failure of an IDI. In paying deposit insurance, the FDIC insures the balance of each depositor's accounts, dollar-for-dollar, including principal and any accrued interest, up to the applicable insurance limit. The basic amount of FDIC deposit insurance coverage provided to depositors of an IDI is referred to as the Standard Maximum Deposit Insurance Amount ("SMDIA"). At present, the SMDIA is $250,000.

Deposits in Excess of the Insurance Limit

Following the failure of an IDI, the FDIC as receiver will liquidate the institution's assets for the benefit of the institution's creditors. One group of creditors will be those depositors whose deposits exceed the applicable insurance limits. Through the liquidation process, these depositors may recover some of their excess or uninsured funds. Through the FDIC's payment of deposit insurance, these depositors will recover their insured funds (i.e., funds up to the insurance limit) in full.

Below is a chart detailing the amount of SMDIA since 1934	
Year	**Deposit Insurance Coverage Changes**
January 1, 1934	$2,500
July 1, 1934	$5,000
1950	$10,000
1966	$15,000
1969	$20,000
1974	$40,000
1980	$100,000
April 1, 2006	$100,000 Certain retirement accounts insured up to $250,000
October 3, 2008 – July 21, 2011	Temporary increase of SMDIA to $250,000 Full guarantee for noninterest-bearing transaction accounts through 12/31/2010 for IDIs participating in the Transaction Account Guarantee Program ("TAGP") Unlimited coverage for noninterest-bearing transaction accounts from 12/31/2010 through 12/31/2012 under the Dodd-Frank Act
January 1, 2010 – Present	Full guarantee for noninterest-bearing transaction accounts through 12/31/2010 for IDIs participating in the TAGP Unlimited coverage for noninterest-bearing transaction accounts from 12/31/2010 through 12/31/2012 under the Dodd-Frank Act Increase of the SMDIA to $250,000

FDIC Deposit Insurance is Provided for “Deposit” Products

FDIC insures all types of deposits received by an IDI in its usual course of business, including deposits in:

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

Official items such as:

» Money orders

» Interest checks

» Travelers checks

» Expense checks

» Official checks/cashier’s checks

» Loan disbursement checks

Types of IDI Products that the FDIC Does Not Insure

Some IDIs offer their customers financial products or investments that do not meet the FDIC definition of a “deposit” and therefore are not insured by the FDIC. 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
- *United States Treasury securities* (United States 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, life, or credit insurance
- *Safe deposit boxes* (The contents of safe deposit boxes may be covered by the IDI’s hazard insurance and/or the box holder’s homeowners or renters insurance.)
- *Crypto Assets*

Many IDIs recommend or sell to retail customers nondeposit investment products, such as mutual funds and annuities. These IDIs provide these services at the retail level, directly or through various types of arrangements with third parties. IDIs with sales activities for nondeposit investment products should ensure that customers for these products are clearly and fully informed of the nature and risks associated with these products.

In 1994, the federal financial regulatory agencies — FDIC, Office of the Comptroller of the Currency ("OCC"), the Office of Thrift Supervision ("OTS") (ceased operations since 10/19/2011), and the Board of Governors of the Federal Reserve System ("FRB") — issued an Interagency Statement on Retail Sales of Nondeposit Investment Products.

This policy statement requires all IDIs 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

FDIC Will Rely on IDI Deposit Account Records (12 C.F.R. § 330.5(a))

In the event of the failure of an IDI, the FDIC relies upon the deposit account records of the IDI to determine the ownership of an account and the amount of deposit insurance coverage available to each depositor. If the records are clear and unambiguous, those records are considered binding on the depositor, and the FDIC will not consider other records on the manner in which the deposits 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 IDI's deposit-taking function
- Corporate resolutions authorizing accounts in the possession of the IDI
- Official items
- Other books and records of the IDI

The FDIC may request supplemental documentation such as articles of incorporation, copies of trusts, and affidavits or declarations to substantiate ownership of deposited funds.

The FDIC may use these documents to confirm that the deposits are actually owned in the manner indicated in the IDI's account records and to determine the amount of deposit insurance coverage for which the account qualifies.

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 make payment of 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))

The availability of deposit insurance is not limited to citizens and residents of the United States. Any person or entity that maintains deposits in an IDI (unless the office or branch of the IDI is located outside the United States as discussed below) is eligible for deposit insurance coverage.

Deposits Denominated in a Foreign Currency (12 C.F.R. § 330.3(c))

Deposit insurance coverage is provided for deposits in an IDI 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.

The FDIC's regulations provide that the exchange rates to be used for such conversions are the 12 PM rates (the "noon buying rates for cable transfers") quoted for major currencies by the Federal Reserve Bank of New York on the date of default of the IDI. If the deposit agreement specifies that some other widely recognized exchange rates are to be used for all purposes under that agreement, then the FDIC will use those specified rates for the conversions.

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 U.S. are entitled to FDIC insurance coverage. The coverage limits are the same as for United States IDIs.

Deposits Outside the United States (12 C.F.R. § 330.3(e))

With limited exceptions, any obligation of an IDI which is payable solely at an office of that institution located outside any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, and Northern Mariana Islands, is not a deposit for deposit insurance purposes.

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 FRB.

Effect of State Law (12 C.F.R. § 330.3(h))

Deposit insurance is for the benefit of the owner or owners of deposits. Consequently, ownership of deposits 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 IDI
- 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 under state law, they are considered single accounts for deposit insurance purposes. Ultimately, Federal laws and regulations control deposit insurance. You can contact the FDIC if you have questions about the applicability of a specific state law in calculating deposit insurance coverage.

Right of Offset

The FDIC is authorized to withhold insurance from those depositors who are indebted to the failed IDI until the debt is satisfied. Also, in its capacity as receiver for the failed IDI, the FDIC possesses the right to "offset" or "set off" the depositor's deposit against an unpaid debt (such as a delinquent loan). This right of "offset" depends upon the satisfaction of certain requirements under state law.

When a depositor's deposit exceeds the insurance limit (as discussed in the preceding section), the depositors themselves may wish to "set off" the uninsured funds against their debts (including non-delinquent loans). Assuming the satisfaction of any requirements imposed by state law, the FDIC as receiver will allow such offsets. For information about the offset requirements in a particular state, depositors should seek advice from their own legal advisers.

Offset Requirements

1. There must be mutuality between the parties (the same person or entity which owes the debt to the IDI must also own the funds deposited with the IDI). Where mutuality exists, single accounts may be offset against single name debts to the IDI. Joint account deposits can be offset against joint obligations. Accordingly, for both delinquent and non-delinquent loans, in order for a right of offset to apply, the requirements for mutuality must be met. If there is no mutuality, then no offset is possible.
2. The funds are not a “special purpose” deposit (e.g., funds held by an IDI’s trust department for safekeeping).
3. The offset is permitted by state law.

Offset is a complex area and IDI employees should advise their customers to consult with an attorney to determine whether it is applicable in their particular situation and in their particular states.

GENERAL PRINCIPLES OF INSURANCE COVERAGE

Separate Insurance Is Provided to Each Depositor

Deposit accounts maintained by different depositors are separately insured. Depositors that may qualify to receive FDIC deposit insurance coverage include natural persons, legal entities such as corporations, partnerships, and unincorporated associations, and public units such as cities and counties.

Insurance Is Provided on a Per-IDI Basis (12 C.F.R. § 330.3(b))

The FDIC separately insures deposit accounts maintained in separately chartered IDIs, even if the IDIs are affiliated, such as belonging to a common holding company. The rules for deposit insurance coverage are the same for each IDI regardless of the size or geographic location of the institution.

Accounts that a depositor maintains at different branches or offices of the same IDI are not separately insured. All deposit accounts in the same ownership category held by a depositor at different branches or offices of the same IDI are added together and insured up to the insurance limit for that ownership category, even if the IDI does business under a different name at some of those branches or offices.

Many IDIs allow depositors to open and transact business on deposit accounts over the Internet, often using a website that operates under a name different than the IDI uses for its traditional branches. These deposit accounts, however, are aggregated with any deposit accounts a depositor may have in the same ownership category at the traditional retail branches of the same IDI and insured up to the limit for that ownership category.

Separate Insurance Is Provided For Deposits in Different Ownership "Rights and Capacities" (12 C.F.R. § 330.3(a))

FDIC deposit insurance coverage is provided for funds held in different *rights and capacities* (or ownership categories). All deposits in a particular ownership category — whether in one account or multiple deposit accounts — are aggregated and insured up to the SMDIA for that ownership category. It is important to emphasize that a depositor does not hold accounts in different ownership categories by opening accounts of different deposit product types (CDs, savings accounts or checking accounts, for example). A right and capacity is a legal basis of ownership and is based on federal statutes and FDIC regulations. Opening accounts of different deposit types does not establish different rights and capacities for a depositor. Accounts held in different rights and capacities, however, receive separate deposit insurance coverage.

All Types of Deposits in the Same Ownership Category Are Combined

All deposits owned by the same depositor (or depositors) in the same ownership category are added together for the purpose of calculating FDIC deposit insurance coverage. This aggregation is irrespective of whether the deposits are opened under the same product type (for example, all CDs) or a combination of different product types (for example, a CD and a savings account). In addition, the number of accounts a depositor establishes within an ownership category has no impact on the maximum amount of deposit insurance coverage provided. *It is the total dollar amount of all deposit accounts within a specific ownership category that is considered when determining insurance coverage.*

A common misconception held by many depositors is that using different deposit products increases deposit insurance coverage. That is an incorrect understanding of how to calculate coverage. A depositor cannot increase coverage by opening additional deposit accounts in the same ownership category. It is the ownership category in which the funds are held that determines the set of rules that would apply to a particular deposit.

Minimum Information Required to Calculate FDIC Coverage for Deposit Accounts

To determine the amount of insurance coverage available for IDI deposits belonging to a person or entity, the following questions – at a minimum – should be answered:

1. *Who owns the deposits?*
2. *What FDIC ownership category is the depositor attempting to qualify under or use?*
3. *Does the depositor meet all the requirements for coverage under the applicable ownership category?*

1. ***Who owns the deposits?*** Identifying the particular individual, business, or government entity that owns the deposits is an essential first step in analyzing the amount of deposit insurance coverage that may be available.

2. ***What FDIC ownership category is the depositor attempting to qualify under or use?*** Deposits made under each of the 12 FDIC ownership categories are insured separately provided the depositor meets the specific requirements for each of the ownership categories.

   There are 12 FDIC deposit insurance ownership categories:

   - Single accounts — 12 C.F.R. § 330.6
   - Certain retirement accounts — 12 C.F.R. § 330.14(b)(2)
   - Joint accounts — 12 C.F.R. § 330.9

- Trust accounts — 12 C.F.R. § 330.10
- Employee benefit plan accounts — 12 C.F.R. § 330.14
- Business/Organization accounts — 12 C.F.R. § 330.11
- Government accounts (public unit accounts) — 12 C.F.R. § 330.15
- Mortgage servicing accounts for principal and interest payments — 12 C.F.R. § 330.7(d)
- Accounts held by a depository institution as the trustee of an irrevocable trust — 12 C.F.R. § 330.12
- Annuity contract accounts — 12 C.F.R. § 330.8
- Public bond accounts — 12 C.F.R. § 330.15(c)
- Custodian accounts for Native Americans — 12 C.F.R. § 330.7(e)

Employees of IDIs must determine the applicable deposit insurance ownership category that a depositor is attempting to use in order to calculate coverage. Therefore, it is important to understand the concept of ownership categories as well as how these categories are related to the information that employees of an IDI require when opening deposit accounts.

As discussed below, each of these ownership categories is insured separately, provided the FDIC requirements are met.

3. ***Does the depositor meet all the requirements for coverage under the applicable ownership category?*** Each of the ownership categories has specific requirements that must be met to receive separate insurance coverage under that category.

As discussed in further detail in this Employee's Guide, if an account fails to meet the applicable requirements, the deposits will be insured in another ownership category (for an individual 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.

Depositors must satisfy the requirements for each of the ownership categories that they intend to use. Some categories are exclusive to specific depositors. As an example, funds owned by a corporation can only qualify for deposit insurance coverage under the Business/Organization Accounts category. In contrast, an individual's deposits may qualify for deposit insurance coverage under any of the six deposit insurance ownership categories available to individual depositors.

It is possible for a depositor to qualify for coverage exceeding the SMDIA at an IDI by holding deposits in multiple ownership categories.

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 — 12 C.F.R. § 330.6
- Certain retirement accounts — 12 C.F.R. § 330.14(b)(2)
- Joint accounts — 12 C.F.R. § 330.9
- Trust accounts — 12 C.F.R. § 330.10
- Employee benefit plan accounts — 12 C.F.R. § 330.14
- Business/Organization accounts — 12 C.F.R. § 330.11
- Government accounts (public unit accounts) — 12 C.F.R. § 330.15
- Mortgage servicing accounts for principal and interest payments — 12 C.F.R. § 330.7(d)
- Accounts held by a depository institution as the trustee of an irrevocable trust — 12 C.F.R. § 330.12
- Annuity contract accounts — 12 C.F.R. § 330.8
- Public bond accounts — 12 C.F.R. § 330.15(c)
- Custodian accounts for Native Americans — 12 C.F.R. § 330.7(e)

The order in which the 12 ownership categories are discussed in this Employee's Guide is based on the frequency of interest in each category by depositors and bankers contacting the FDIC.

In the deposit insurance examples provided in this Employee's Guide, assume the account owners do not have any deposit accounts except those mentioned. Also, unless otherwise indicated, assume all owners and beneficiaries are alive.

SINGLE ACCOUNTS (12 C.F.R. § 330.6)

I. Definition

Single accounts contain funds that are either owned by one natural person or treated as if they are owned by one natural person. The Single Accounts category includes the following:

1. Individually owned accounts (no beneficiaries);
2. Accounts insured on a pass-through basis, owned by a single person;
3. Accounts in the name of a deceased person or the estate of a deceased person;
4. Sole proprietorship accounts;
5. Community property accounts held in the name of one person; and
6. Accounts that do not qualify under any other category.

II. Insurance Limit

A deposit held by an individual in his or her own capacity in a single account is insured for up to $250,000.

III. Requirements

The requirement for this category of ownership is that the depositor must be a natural person. If an owner meets the requirements for deposit insurance coverage under any of the other FDIC deposit insurance categories available to an individual (e.g., a single owner opening an account as *payable on death* and naming beneficiaries), then the deposit will be insured under that applicable category.

IV. Types of Single Accounts

1. Individually Owned Accounts

Individually owned accounts are accounts owned by natural persons (i.e., human beings). The most common single account is a deposit account opened by an individual on his or her own behalf. The depositor maintains the account and owns the funds on deposit.

These accounts are simply titled in the owner's name, such as "John Smith."

A common misconception is that when a person opens an account naming one or more eligible beneficiaries, it is insured under the Single Accounts category. This is an incorrect interpretation of the deposit insurance rules. An account naming one or more eligible beneficiaries would instead be insured as a Trust Account.

2. An Agency, Nominee, Guardian, Custodian, or Conservator Account That is Held on Behalf of One Natural Person Who is the Actual Owner of the Funds

A person or entity can deposit funds and maintain an account on behalf of another individual sometimes referred to as the "principal" (i.e., the actual owner of the funds). When the person or entity opening the account has no ownership rights to the deposited funds, the representative is typically acting as a fiduciary, custodian, or agent on behalf of the principal. In situations where there is a single principal, the deposit insurance coverage will pass-through the person or entity opening the account to the principal, and the funds would be insured as the single account of the principal.

For example, the Uniform Gifts to Minors Act ("UGMA") and the Uniform Transfers to Minors Act ("UTMA") accounts are custodial accounts with pass-through deposit insurance coverage provided as the minor's single account. For deposit insurance purposes, the child is considered the principal or sole owner of funds on deposit (even if state law still deems the child as a minor). Deposit insurance coverage passes through the custodian (e.g., parent or other party) to the principal (i.e., the child) and the funds are insured as the child's single account for up to $250,000.

Example 1

Facts:

John Bradley is the custodian for his daughter's UTMA account. His daughter Julia is 7. The account has a balance of $250,000 and is titled to reflect that the account is an UTMA. At the same IDI, John also keeps his MMDA in his name alone with a $145,000 balance. John wants to know if all the deposits are insured.

Rules:

a. If the pass-through insurance requirements are met, deposit insurance coverage passes through the custodian to the actual owner of the funds on deposit.

b. The owner of the UTMA account is insured as though she opened the account herself.

c. For deposit insurance purposes, UTMA and UGMA deposits are owned by the child and insured as single accounts.

d. The custodian's personal funds at the same IDI are insured separately.

Answer:

Example 1 - UTMA Account and Custodian's Personal Account are Insured Separately				
Account Title	**Deposit Type**	**Balance**	**Insured Amount**	**Uninsured Amount**
John Bradley as custodian for Julia Bradley, UTMA	CD	$250,000	$250,000	$0
John Bradley	MMDA	$145,000	$145,000	$0

John Bradley is fully insured for $145,000 and Julia Bradley is fully insured for $250,000. The UTMA account is properly titled (e.g., "UTMA" indicating a fiduciary relationship). Deposit insurance coverage passes through John, the custodian, to Julia, the actual owner of the funds. The funds are insured as Julia's single account for up to $250,000. John's individual account (MMDA) at the same IDI with $145,000 is insured as his single account separately from the UTMA account.

This example illustrates the importance of considering all deposits that qualify under a deposit ownership category regardless of who opens the account – the owner or an agent on the owner's behalf. In addition, the product type has no impact on the amount of deposit insurance coverage or the insurable category. If a depositor is using multiple brokers who are purchasing CDs on his or her behalf, it is important to consider that the funds could be placed at the same IDI.

3. "Decedent Account" or "Estate Account"

When a depositor dies, his or her funds often are collected and placed into a deposit account which is commonly called a "decedent account." Typically an executor, executrix, or administrator is named or designated to perform tasks on behalf of the deceased person's estate.

These tasks can include collecting and selling the estate's assets, filing and paying taxes and debts, and disbursing funds according to the provisions of the decedent's Last Will and Testament (or according to the applicable state law).

When opening a decedent account, the administrator typically uses language such as "Estate of John Doe," or "John Doe, Decedent."

For deposit insurance purposes, the FDIC considers the deceased to be the sole owner of the account. Funds held in a decedent account are added together with any other single accounts the deceased may have had at the same IDI and the total is insured up to the SMDIA of $250,000.

A common misconception is that an estate account can be insured for more than $250,000 if beneficiaries are named on the account.

Although an estate may have heirs, a decedent account is not eligible for deposit insurance coverage as a Trust Account or for pass-through insurance to the heirs of the estate.

Example 2

Facts:

Linda Martinez is the administrator of her Aunt Anita's estate. Anita's two children, John and Sally McCarthy, are identified in Anita's Last Will and Testament as her estate beneficiaries. Linda has a personal account at XYZ Bank for $100,000. In consolidating Anita's liquid assets, Linda deposited $250,000 in a decedent account for Anita's estate at XYZ Bank. The account is titled "Estate of Anita McCarthy." John and Sally also have single accounts at XYZ Bank, with balances of $200,000 and $30,000, respectively.

Given these facts, Linda asks: "What is the insurance coverage for all of these accounts?"

Rules:

a. For estate accounts, deposit insurance coverage passes through the administrator to the deceased.

b. The deceased is insured up to $250,000 as the single account owner.

c. Unlike trust accounts, beneficiaries are irrelevant when determining deposit insurance coverage for decedent accounts.

d. Decedent accounts are insured separately from the personal accounts of the estate administrator and beneficiaries.

Answer:

Example 2 – Decedent Accounts are Insured as Single Accounts

Account Title	Deposit Type	Balance	Insured Amount	Uninsured Amount
Estate of Anita McCarthy	Interest checking	$250,000	$250,000	$0
Linda Martinez	Savings	$100,000	$100,000	$0
John McCarthy	CD	$200,000	$200,000	$0
Sally McCarthy	Interest checking	$30,000	$30,000	$0

Each of the four accounts in this example is fully insured as a single account. The "Estate of Anita McCarthy" account is insured up to $250,000 as Anita's single account. The single accounts of Linda, John, and Sally are each insured separately for up to $250,000.

As Linda administers the estate, she may disburse money from the estate account to John or Sally. If John and Sally deposit these funds into each of their respective pre-existing single accounts at XYZ Bank, they will need to reevaluate their deposit insurance coverage if the distributions result in their accounts exceeding $250,000.

4. Sole Proprietorship Account (also called "Doing Business As" or "DBA" Account)

A sole proprietorship is an unincorporated business entity with one person typically owning all of the assets. For deposit insurance purposes, a sole proprietorship has no separate legal existence or identity beyond that of the sole proprietor.

Sole proprietorship accounts also may be called "Doing Business As" or "DBA" accounts. These accounts typically reference "Doing Business As" or "DBA" in the account title, such as "Vince Johnson DBA Vinnie's Deli."

The owner in a sole proprietorship is one person. When a sole proprietor opens his or her sole proprietorship account, the FDIC treats the deposit as being owned by the sole proprietor (not the sole proprietorship).

Therefore, a sole proprietorship account is insured as the sole proprietor's single account, along with any other single accounts the sole proprietor has at the same IDI.

Some DBA accounts are jointly owned by two individuals and assuming all requirements for joint accounts are met, those accounts will be insured under the Joint Accounts category. A sole proprietorship account with multiple signatories – but only one owner – will be insured as the sole owner's single account.

If deposited funds are owned by a legally formed corporation, partnership or unincorporated association, the FDIC would insure the funds as the entity's business/organization account.

Example 3

Facts:

Marci Jones has two separate deposit accounts at XYZ Bank. The first is a savings account in her name alone for $55,000 and the second is her unincorporated business account (operating as a sole proprietorship) for $25,000. Marci Jones also placed $200,000 with ABC Brokerage, which purchased an individual CD at XYZ Bank in her name.

Rules:

a. All single accounts owned by the same depositor at the same IDI are added together and the combined balance is insured for up to $250,000.

b. Single accounts may be opened by the person who owns the deposit (acting in his or her individual capacity) or by an agent, acting in an agency capacity, on behalf of the actual owner.

c. Sole proprietorship accounts are insured as the single accounts of the owner and are not insured as business/organization accounts.

Answer:

Example 3 – Sole Proprietorship Accounts are Insured as Single Accounts					
Account Title	**Owner**	**Deposit Type**	**Balance**	**Insured Amount**	**Uninsured Amount**
Marci Jones	Marci	Savings	$55,000		
Marci Jones DBA *Marci's Cakes* (a sole proprietorship)	Marci	DDA	$25,000		
ABC Brokerage, Inc., as agent	Marci	CD	$200,000		
Total			**$280,000**	**$250,000**	**$30,000**

Marci's combined balance of all single accounts (including the sole proprietorship's DDA and the CD placed by the broker) at the same IDI is $280,000.

However, she is only insured for up to $250,000 for all single accounts at a single IDI. The remaining $30,000 is uninsured. The fact that the funds are held in different product types (i.e., savings, DDA, and a CD) does not impact deposit insurance coverage.

5. Community Property Deposits Held in the Name of One Person

Puerto Rico and ten states, mostly southwestern and western states, have community property laws. These laws vary significantly by jurisdiction but typically provide that property obtained during marriage is jointly owned. A deposit account titled in the name of one person, for example, may be owned by two people in a community property jurisdiction. However, in determining deposit insurance coverage, the FDIC relies on an IDI's deposit account records as well as FDIC rules and regulations. In community property jurisdictions, this means a deposit account owned by two people (as determined by state law) – but titled in only one person's name – will be insured as that one owner's single account.

V. Default Ownership Category (Reversion)

If an account fails to satisfy the requirements of any other deposit insurance category, the funds in the account are treated as single account funds for deposit insurance purposes – a result sometimes referred to as "reversion," or a "default." Reversion is most common from the Joint Accounts and Trust Accounts categories.

For example, a depositor might establish an account with two owners listed (the depositor and his wife); however, only one owner (the depositor) has exclusive withdrawal rights. This account would not be insured as a joint account because it lacks equal withdrawal rights, as discussed in detail in the Joint Accounts section. Funds in this account would be added together with funds in other single accounts owned by the same depositor at the same IDI and insured up to $250,000 in the aggregate.

A common misconception concerning "reversion" or "default" is that funds in excess of the insurance limit in a category other than the Single Accounts category may be treated as single account funds. This is incorrect – "reversion" only applies to accounts that fail to satisfy the requirements of another deposit insurance category. For example, if two depositors maintain a joint account with equal interests and a balance of $600,000 that satisfies all of the joint account requirements, these funds would be insured in the Joint Accounts category up to $500,000, as discussed in the Joint Accounts section. The remaining $100,000 would be uninsured, even if neither depositor maintains a single account at the same IDI.

VI. Individually Owned Funds not Insured Under the Single Accounts Category

Some accounts are owned by one person but not insured under the Single Accounts category because the account qualifies under some other FDIC deposit insurance ownership category. For example:

- Funds linked to either a revocable or irrevocable trust with only one trust owner are insured as a Trust Account, assuming all the requirements for this category are met.
- Funds in an IRA are insured under the "Certain Retirement Accounts" category.
- Funds owned by a corporation with only one shareholder are insurable under the Corporation, Partnership, and Unincorporated Association (business/organizations) Accounts category.
- Funds in a Health Savings Account where the single owner has designated beneficiaries are insured as trust accounts.

CERTAIN RETIREMENT ACCOUNTS

(12 C.F.R. § 330.14(B)(2))

I. Definition

In general, Certain Retirement Accounts are self-directed retirement deposits for which an owner and not a plan administrator has the right to direct how the funds are invested.

This category consists of deposits made in connection with the following:

- All types of IRAs, including:
  - Traditional IRAs
  - Roth IRAs
  - Simplified Employee Pension ("SEP") IRAs
  - Savings Incentive Match Plans for Employees ("SIMPLE") IRAs
- All Section 457 deferred compensation plans, such as eligible deferred compensation plans provided by state and local governments, regardless of whether they are self-directed.
- Self-directed defined contribution plans, including:
  - Self-directed 401(k) plans
  - Self-directed SIMPLE IRAs held in the form of 401(k) plans
  - Self-directed defined contribution money purchase plans
  - Self-directed defined contribution profit-sharing plans
- Self-directed Keogh plans (or H.R. 10 plans) designed for self-employed individuals.

II. Insurance Limit

Deposits in all Certain Retirement Accounts owned by the same depositor and held at the same IDI are added together and the total is insured for up to $250,000.

Naming beneficiaries does not increase deposit insurance coverage for "Certain Retirement Accounts".

III. Requirements

In general, the retirement plans in this category are self-directed. However, deposits held in 457 deferred compensation plans are insured as "Certain Retirement Accounts" even if they are not self-directed.

A retirement plan is considered "self-directed" for the purpose of FDIC deposit insurance coverage if each plan participant can choose the specific IDI to hold their retirement deposits. Sometimes a retirement plan lists a specific IDI as the default institution. Provided that the participants can change the default IDI, the plan is considered "self- directed".

In other instances, a plan may have a default IDI that cannot be changed. These types of plans can be considered "self-directed" if plan participants can make their own investment decisions. For example, a retirement plan lists Bank ABC as the default IDI. Plan participants cannot change the IDI. But participants can also choose to invest in stocks, bonds or mutual funds. When plan participants can make these types of investment decisions, their plan is self-directed.

Example 4

Facts:

Barbara Moore has two IRA CDs at the same IDI. She has listed two IRA beneficiaries on each CD.

Rules:

a. All certain retirement accounts owned by the same person at the same IDI are aggregated and the total is insured up to $250,000.

b. Listing beneficiaries on IRAs, while valid to designate the transfer of funds when the owner dies, does not increase deposit insurance coverage.

c. An individual's deposits in this category are added together and insurable up to $250,000 per IDI.

Answer:

Example 4 – Multiple IRAs and Beneficiaries			
Account Title	**Balance**	**Insured Amount**	**Uninsured Amount**
Barbara Moore's Roth IRA (Lisa Moore & Roger Moore, beneficiaries)	$100,000		
Barbara Moore's Traditional IRA (Lisa Moore & Roger Moore, beneficiaries)	$180,000		
Total	**$280,000**	**$250,000**	**$30,000**

Since Barbara has multiple IRAs at the same IDI, the balances are added together and insured for up to $250,000. The fact that she named beneficiaries on the IRAs does not increase her coverage. With $280,000 on deposit in her IRAs at the same IDI, Barbara is insured for $250,000 and uninsured for $30,000.

IV. When the Owner of an IRA Dies

Depositors typically name a beneficiary on their IRA. While listing beneficiaries on an IRA does not increase the coverage, once the owner dies, a decedent IRA raises the issue of how such an account would be insured.

In some cases, the IRA may continue to be titled in the name of the deceased owner. If an IRA continues to be maintained in the decedent's name, and continues to be recognized by the IRS as the decedent's IRA, then the FDIC will insure the account for up to $250,000 as a certain retirement account of the decedent. In this instance, the deposit would not be aggregated with any deposits maintained by the beneficiary at the same IDI.

In other cases, the IRA might be restructured so that the funds are held in the name of the beneficiary or beneficiaries of that IRA, often referred to as an inherited IRA. In that case, the FDIC will insure the account(s) as a certain retirement account of the named owner. The funds would be aggregated with any other certain retirement account deposits of the named owner at the same IDI and insured up to the $250,000 limit.

Example 5

Facts:

John and Mary Law each had an IRA CD at Any Bank. They do not have any other retirement accounts at Any Bank. John listed Mary as his sole beneficiary. While John and Mary were both alive, the accounts were insured separately up to $250,000.

John died one month ago in February and Mary has continued to maintain John's IRA in his name.

Rule:

When an IRA owner dies and the IRA continues to be maintained in the decedent's name, the decedent's IRA is insured up to $250,000 separately from the beneficiary's own IRA at the same IDI.

Answer:

Example 5 – Decedent's IRA Insured Separately from Beneficiary's IRA

Account Title	Deposit Type	Balance	Insured Amount	Uninsured Amount
John Law (deceased), IRA	IRA CD	$250,000	$250,000	$0
Mary Law, IRA	IRA CD	$250,000	$250,000	$0
Total		**$500,000**	**$500,000**	**$0**

Each owner is insured for up to $250,000 for all IRAs held at the same IDI. Therefore, Mary is insured for up to $250,000 for her IRA. In addition, at the same IDI, since Mary kept John's IRA titled in his name, John's IRA continues to be insured separately.

V. Types of Retirement Plans NOT Insured as Certain Retirement Accounts

Deposit accounts held by the following types of retirement plans do not qualify as "Certain Retirement Accounts" and are not insured in this category:

- 403(b) plans (e.g., annuity contracts for some public school employees, tax-exempt organizations, and ministers);
- Defined benefit plans; or
- Defined contribution plans, such as 401(k) plans, which are not self-directed.

Please note that this list is not meant to be exhaustive and includes only some retirement plans that are insured as employee benefit plan accounts, which is discussed in the Employee Benefit Plan Accounts section.

In addition, Coverdell Education Savings Accounts, sometimes referred to as Education IRAs, are insured as trust accounts.

JOINT ACCOUNTS (12 C.F.R. § 330.9)

I. Definition

A Joint Account is a deposit owned by two or more individuals that satisfies the requirements set forth below.

II. Insurance Limit

Each co-owner of a joint account is insured up to $250,000 for the combined amount of his or her interests in all joint accounts at the same IDI. In determining a co-owner's interest in a joint account, the FDIC assumes each co-owner is an equal owner unless the IDI records clearly indicate otherwise.

III. Requirements

1. **Co-owners Must be Natural Persons:** A natural person is a human being; therefore, legal entities, such as corporations or trusts, cannot own a joint account.

2. **Co-owners Must Have Equal Withdrawal Rights:** When an account purports to have three or more co-owners, it raises the issue of whether all co-owners have equal rights to withdraw from the joint account. For example, the account title "John Jones or Sally Jones and Mary Jones" suggests unequal withdrawal rights. Specifically, the titling suggests that John can withdraw funds by himself but Sally and Mary must act together to withdraw funds. As a result, account ownership is unclear and could result in uninsured funds. This situation can occur when the depositor and the IDI are attempting to establish an informal power of attorney ("POA") arrangement. An example of such a scenario would be a parent allowing both children acting together to withdraw funds on behalf of the parent due to illness. Depositors may wish to consider whether to use a formal POA arrangement to avoid confusion with respect to deposit insurance determination. If the withdrawal rights are unequal, the account will not be insured as a joint account.

3. **All Co-owners Must Personally Sign the Signature Card:** The general rule is that each co-owner must sign the joint account signature card. The FDIC recognizes electronic signatures. The signature card requirement may also be satisfied by information in the IDI's deposit records establishing co-ownership of the deposit account.

   The FDIC waives the signature requirement in some cases. Negotiable instruments and CDs, for example, are exempt from the signature requirement. Depositors can hold negotiable instruments or CDs as joint accounts assuming they satisfy the other requirements of a joint account.

In addition, when an agent opens a joint account on behalf of his or her clients, the FDIC does not require the clients to *personally* sign the signature card, although the agent will be required to provide documentation proving ownership of the funds should the IDI fail.

IV. Co-owned Testamentary Accounts are not Insured as Joint Accounts

As with single accounts, a common misunderstanding among depositors and IDI employees is that a jointly held account which names beneficiaries is insured under the Joint Accounts category. However, the joint account definition does not include co-owned testamentary accounts. If two or more people own an account that they title as a payable on death account (or with similar testamentary language), and identify beneficiaries, their account will be insured as a trust account.

Example 6 – Two Co-owners of a Joint Account are Each Insured up to the SMDIA		
Account Title	**Deposit Type**	**Balance**
Cathy or Rich Rush	CD	$500,000
Total		**$500,000**

Example 6

Facts:

Cathy and Rich Rush have a jointly held CD (with equal withdrawal rights) at ABC Bank for $500,000. They want to know if they are fully insured.

Rules:

a. Each co-owner of a joint account is insured up to $250,000 for the combined amount of his or her interests in all joint accounts at the same IDI.

b. The FDIC assumes each co-owner is an equal co-owner unless the IDI records clearly indicate otherwise.

Answer:

In this case, Cathy and Rich co-own only one joint account. The FDIC assumes each of the two depositors owns half of the joint account. Cathy's half of the $500,000 is $250,000; therefore, she is fully insured. Similarly, Rich is fully insured since his half of the account is $250,000.

Insurance Coverage for Each Joint Account Owner is Calculated as Follows:			
Joint Account Owner	**Co-owner's Interest**	**Insured Amount**	**Uninsured Amount**
Cathy Rush	$250,000	$250,000	$0
Rich Rush	$250,000	$250,000	$0
Total	**$500,000**	**$500,000**	**$0**

Example 7

Coverage for multiple joint accounts with multiple owners can be complex. Below is an example of some joint accounts at the same IDI held by three owners.

Example 7 – Different Co-owners and Multiple Joint Accounts		
Account Title	**Deposit Type**	**Balance**
Mary Smith or John Smith DBA Smith's Apple Pies	DDA	$230,000
John Smith or Mary Smith	Savings	$250,000
Mary Smith or John Smith or Robert Smith	CD	$270,000
Total		**$750,000**

Facts:

Mary and John Smith co-own an unincorporated business, Smith's Apple Pies. They opened a joint DBA account at XYZ Bank to keep track of their funds. They have equal withdrawal rights and each signed the signature card. At the same IDI, John and Mary also keep their joint savings account. Mary and John also co-own a CD with Robert Smith.

Mary and John believe everyone is fully insured because there are three joint account owners and a total balance of $750,000. What is the deposit insurance coverage for these accounts?

Rules:

a. Each co-owner of a joint account is insured up to $250,000 for the combined amount of his or her interests in all joint accounts at the same IDI.

b. The FDIC assumes each co-owner is an equal owner unless the IDI records clearly indicate otherwise.

c. A DBA account can be insured under the Joint Accounts category but only if it meets the requirements of a joint account (owners are natural persons, have equal withdrawal rights, and have signed the signature card).

Answer:

Example 7- Insurance Coverage for Each Joint Account Owner is Calculated as Follows:

Joint Account Owner	Co-owner's Interest	Insured Amount	Uninsured Amount
Mary Smith	$330,000	$250,000	$80,000
John Smith	$330,000	$250,000	$80,000
Robert Smith	$90,000	$90,000	$0
Total	**$750,000**	**$590,000**	**$160,000**

The DBA account is insured as a joint account because there are two owners (not simply two signatories) and the account meets the FDIC's joint account requirements.

To determine each co-owner's share of a joint account, the FDIC assumes each co-owner is an equal owner. In this case, Mary owns $330,000 in the Joint Accounts category: half of the DDA ($115,000), half of the savings account ($125,000), and one third of the CD ($90,000). Mary's joint account deposits are insured for up to $250,000; therefore, Mary has $80,000 in uninsured deposits.

Similar to Mary, her co-owner John has $330,000 on deposit among three joint accounts and has $80,000 in uninsured funds. Robert is one of three co-owners of the CD; therefore, he owns one third of the CD ($90,000) and is fully insured.

In this example, although no one co-owner has more than $250,000 in any one account, it is the total of the co-owner's funds in all joint accounts that is insured up to the SMDIA.

V. DBA Account With Multiple Owners

In rare cases, such as in the above example, a DBA account has two or more owners. Provided that the two-owner DBA account satisfies the FDIC's joint account requirements, it will be insured in the same manner as any other joint account. Please note that some DBA accounts have multiple signatories who are not all owners. In Example 7 above, if Mary is the sole owner and John is merely signing as Mary's agent, the account would be insurable as Mary's single account as it would not meet the requirements of a joint account.

Example 8

Facts:

John and Mary Smith have a joint savings account with $300,000 at Any Bank. This is their only account at this IDI and it is held as a “joint account with right of survivorship.” While they are both alive, they are fully insured for up to $500,000 under the Joint Accounts category. After John passes away, what is the deposit insurance coverage?

Rule - The Six-Month Grace Period

a. For up to six months (calendar days) after the death of an account owner, the FDIC continues to insure the decedent’s accounts as though he or she were still alive, assuming the titling of the account remains unchanged. In effect, the deceased is still considered an account owner.

b. After the six-month grace period ends, the FDIC will insure the deposits based on the actual ownership of the funds and will not consider the deceased as an account owner. As a result, calculating deposit insurance based on the actual ownership may cause funds to revert from the joint account category to the Single Accounts category.

Answer:

During the six-month grace period, the FDIC continues to insure Mary’s account for up to $500,000 under the Joint Accounts category. Mary is the only owner who can withdraw the funds. Even though John has passed away, he is still considered a joint account owner.

Example 8A – Two Co-owners of a Joint Account After One Owner Dies and *During* the Six-Month Grace Period

Account Title	Deposit Type	Balance	Insured Amount	Uninsured Amount
John Smith & Mary Smith	Savings Account	$300,000	$300,000	$0
Total		**$300,000**	**$300,000**	**$0**

After the grace period, deposit insurance is based on the actual ownership of the funds. Since Mary is the sole owner, the deposit will be insured as a single account. The funds, in other words, will be insured in the Single Accounts category. Therefore, Mary is insured for up to $250,000 under her Single Accounts category and uninsured for $50,000.

Example 8B – Coverage of a Joint Account When One Owner has Died and *After* the Expiration of the Six-Month Grace Period				
Account Title	**Deposit Type**	**Balance**	**Insured Amount**	**Uninsured Amount**
Mary Smith	Savings Account	$300,000	$250,000	$50,000
Total		**$300,000**	**$250,000**	**$50,000**

Most joint accounts are held with rights of survivorship, which means ownership passes from decedent (John) to survivor (Mary).

In the above example, Mary was the sole surviving owner; therefore, the funds are insured in the Single Accounts category after the expiration of the six-month grace period.

While most joint accounts are held with rights of survivorship, in rare instances joint account owners are "tenants in common," which means ownership does not necessarily pass from decedent to survivor. Instead, each co-owner can bequeath his or her share of the account to whomever he or she chooses. For deposit insurance purposes, the FDIC does not distinguish between the two types of joint accounts and the six-month rule applies to both types.

VI. Common Misconceptions

Deposit insurance coverage for joint accounts is not increased by:

- Using one owner's social security number on one joint account and another owner's social security number on a different joint account;
- Rearranging the owners' names or changing the styling of their names; or
- Alternating the use of "or," "and," or "and/or" to separate the names of co-owners in multiple joint account titles. For example, an account titled "Albert and Mary Bolles" is not insured separately from an account titled "Mary or Albert Bolles."

TRUST ACCOUNTS (12 C.F.R. § 330.10)

Disclaimer

This section explains FDIC insurance coverage for trust accounts and is not intended as estate planning advice or guidance. Depositors should contact a legal or financial advisor for assistance with estate planning.

I. Definition

As of **April 1, 2024**, the FDIC's regulation at 12 C.F.R. § 330.10 governs coverage for deposits of both **revocable trusts and most irrevocable trusts**, including:

1. **Informal Revocable Trusts** - trusts under which a deposit passes directly to one or more beneficiaries upon the depositor's death without a written trust agreement. These trusts are commonly referred to as payable on death ("POD"), in trust for ("ITF"), as trustee for ("ATF"), transfer on death ("TOD") or Totten trust accounts. They are created when an account owner signs an agreement with the IDI directing the IDI to transfer the funds in the account to one or more named beneficiaries upon the owner's death.
2. **Formal Revocable Trusts** – revocable trusts established by a written trust agreement under which a deposit passes to one or more beneficiaries upon the owner's death. These are often referred to as "living trusts" or "family trusts," and generally are created for estate planning purposes. Under the agreement, the owner controls the deposits and other assets in the trust during his or her lifetime. Formal revocable trust agreements sometimes refer to the trust owner as the grantor, settlor, trustor, maker, or donor.
3. **Irrevocable Trusts** – irrevocable trusts established by statute or by a written trust agreement in which the owner contributes deposits or other property to the trust and gives up all power to cancel or change the trust. An irrevocable trust also may come into existence upon the death of an owner of a formal revocable trust.

Trust Deposits Insured Under Other Categories

The following trust deposits are excluded from the Trust Accounts category described here, and are instead insured under one of the FDIC's other deposit insurance categories:

- Deposits of employee benefit plans, even if held in connection with a trust, are insured as Employee Benefit Plan Accounts under 12 C.F.R. § 330.14.
- Deposits such as Individual Retirement Accounts (IRAs) that name beneficiaries are insured as Certain Retirement Accounts under 12 C.F.R. § 330.14.
- Deposits of certain trusts classified as corporations are insured as Business/Organization Accounts under 12 C.F.R. § 330.11(a)(2).

- Deposits held by an IDI in its capacity as trustee of an irrevocable trust are insured as provided by 12 C.F.R. § 330.12.
- Interest on Lawyers' Trust Accounts would generally be insured on a pass-through basis to each client of the attorney or law firm, as provided by 12 C.F.R. § 330.5 and § 330.7.

For additional information on the coverage available in each of these categories, see the relevant sections of this Guide.

II. Insurance Limit

An owner's trust deposits are insured for up to $250,000 per eligible beneficiary, up to a maximum of $1,250,000 if five or more eligible beneficiaries are named. Allocations of the deposited funds among the trust's beneficiaries do not factor into this calculation.

The FDIC's regulations do not limit the number of beneficiaries that a trust owner identifies for their estate planning purposes, and do not affect the distribution of trust funds under state law. However, if a trust owner has identified more than five eligible beneficiaries for a trust account, the owner will not be insured beyond $1,250,000 for deposits at that IDI.

While beneficiaries factor into the calculation of deposit insurance coverage for Trust Account deposits, this does *not* mean that the FDIC considers the beneficiaries to be the owner(s) of the deposited funds. In the event of an IDI's failure, the FDIC pays deposit insurance to the trust's owner (assuming that he or she is still alive) rather than making payment to the designated beneficiaries.

Trust Accounts Combined for Deposit Insurance Purposes

All deposits that a depositor holds in informal revocable trusts, formal revocable trusts, and irrevocable trusts at the same IDI are added together for deposit insurance purposes, and the deposit insurance limit is applied to the combined total. Formal trusts often govern the distribution of assets other than deposits held at an IDI, but the FDIC does not consider non-deposit assets in calculating deposit insurance coverage.

Multiple Trust Account Owners

If a trust has multiple owners, each owner's insurance coverage is calculated separately. Deposit insurance coverage for each trust owner is calculated by multiplying $250,000 times the number of eligible beneficiaries, with an overall maximum insurance amount of $1,250,000 per owner if five or more eligible beneficiaries are named. Unless otherwise specified in the IDI's deposit account records, the FDIC presumes that the deposit is owned by each owner in equal shares.

Calculation of Coverage

The FDIC generally calculates deposit insurance coverage for trust accounts using the following formula:

# of Owners x # of Beneficiaries x $250,000 = Amount Insured
(not to exceed $1,250,000 per trust owner for all trust accounts)

Maximum Insurance Coverage per Trust Owner	
Number of Eligible Beneficiaries	**Maximum Deposit Insurance Coverage**
1 Beneficiary	$250,000
2 Beneficiaries	$500,000
3 Beneficiaries	$750,000
4 Beneficiaries	$ 1,000,000
5 or More Beneficiaries	**$ 1,250,000**

III. Requirements

1. Informal Revocable Trusts – Beneficiaries Must be Named in the IDI's Records

For an informal revocable trust account, such as a payable on death account, to be insured under the Trust Accounts category, the beneficiaries must be specifically named in the IDI's deposit account records. This does not necessarily mean that beneficiary names must appear in the account title; they may be located elsewhere in the IDI's deposit account records.

Note that the requirement to name beneficiaries in the IDI's deposit account records applies only to *informal* revocable trusts. This does not apply to deposits of formal trusts, where beneficiaries are often identified in the formal trust agreement.

2. Formal Revocable Trusts – IDI's Records Must Identify Trust Account

For a formal revocable trust account, such as a deposit held in the name of a living trust, to be insured under the Trust Accounts category, the account title must include terminology sufficient to identify the account as a trust account, or the IDI's deposit account records must otherwise identify the account as belonging to a testamentary trust. For example, the account titling may include words such as "living trust" or "family trust."

Note that the FDIC's deposit insurance regulations do not require IDIs to maintain copies of depositors' trust agreements, but may request a copy should the IDI holding the deposit fail.

3. Irrevocable Trusts – IDI's Records Must Identify Trust Account

For an irrevocable trust account to be insured under the Trust Accounts category, the account title must include terminology sufficient to identify the account as a trust account, or the IDI's deposit account records must otherwise identify the account as belonging to a trust.

Note that the FDIC's deposit insurance regulations do not require IDIs to maintain copies of depositors' trust agreements, but may request a copy should the IDI holding the deposit fail.

IV. Who is Counted as a Beneficiary for Deposit Insurance Purposes?

Eligible Beneficiaries

As explained above, deposit insurance coverage for the Trust Accounts category is based upon the number of eligible beneficiaries that have been named. For informal revocable trusts, this is the number of eligible beneficiaries specifically named in the IDI's deposit account records. For formal trusts, this is typically the number of eligible beneficiaries designated in the trust agreement.

To be considered an eligible beneficiary for purposes of calculating deposit insurance coverage, the beneficiary must be one of the following:

- A natural living person (human being);
- A charitable organization (that is recognized as such under the Internal Revenue Code); or
- A non-profit entity (that is recognized as such under the Internal Revenue Code).

Designating an Ineligible Beneficiary

Trust owners may designate beneficiaries in their trusts that are not eligible beneficiaries under the FDIC's deposit insurance rules. For example, ineligible beneficiaries include for-profit business entities and pet trusts. The FDIC's rules do not affect distribution of trust funds to such beneficiaries under state law. However, designation of an ineligible beneficiary does not add to the trust owner's amount of deposit insurance coverage.

Primary and Contingent/Secondary Beneficiaries

For purposes of the FDIC's deposit insurance rules, a beneficiary is a person or entity entitled to an interest in deposited funds upon the owner's death. Such beneficiaries are also referred to as "primary" beneficiaries.

Sometimes a trust agreement will provide that if a primary beneficiary predeceases the owner, the deceased beneficiary's share will instead pass to an alternative or contingent beneficiary. Regardless of such language, if the primary beneficiary is alive at the time of an IDI's failure, the FDIC only takes into account the primary beneficiary when it calculates deposit insurance coverage.

Unique Beneficiaries

Sometimes a trust owner establishes multiple trusts that name the same beneficiary or beneficiaries. However, each beneficiary may only be counted once for that particular trust owner at the same bank when the FDIC calculates deposit insurance coverage.

For example, assume a trust owner establishes a payable on death account at an IDI, naming her two children as beneficiaries, and also establishes a formal trust naming the same two children as beneficiaries. If both trusts include deposits at the same IDI, the owner's deposits at this bank would have only two beneficiaries, rather than four.

"Off the Top" and Life Estate Beneficiaries

The FDIC does not distinguish between beneficiaries who receive distributions "off the top" and beneficiaries who receive a percentage of the deposited funds. Thus, if a trust agreement provides for payments of deposited funds to one or more beneficiaries before the distribution of the balance of the funds, both the beneficiaries receiving the "off the top" distribution and those receiving the balance of the trust deposits are counted when calculating deposit insurance coverage. However, if the *same* beneficiary receives both an "off the top" distribution of deposited funds and shares in the residual deposited funds, that beneficiary's total interests are added together.

A common situation in trust agreements is the establishment of a life estate beneficiary (often a surviving spouse). This person has the right to receive income or use of some or all of the trust assets during his or her lifetime, with the remaining trust assets passing to remainder beneficiaries upon the life estate beneficiary's death. In such cases, both the life estate beneficiary and remainder beneficiaries are counted when calculating deposit insurance coverage.

Owner's/Grantor's Retained Interest

As of April 1, 2024, an owner's/grantor's retained interest in an irrevocable trust does not impact the insurance coverage of the trust.

Owners/Grantors cannot be beneficiaries of the same trust

For the purposes of calculating deposit insurance coverage, an owner/grantor cannot also be a beneficiary of the same trust.

However, FDIC's rules do not affect distribution of trust funds to beneficiaries under state law, and do not in any way prevent a trust owner from retaining an interest in a trust.

Beneficiaries of a Formal Trust that are not Specifically Named

The FDIC's rules do not require beneficiaries of a formal trust to be specifically named in the trust agreement, but the designation must be specific enough to clearly identify the intended beneficiary.

For example, it is sufficient for a trust to designate "my children and grandchildren" as beneficiaries. Designations such as "my issue" or "descendants per stirpes" are also acceptable. However, a designation such as "my family" is not specific enough to determine the intended beneficiaries.

In some instances, a formal trust provides that the funds go to the persons named as beneficiaries of the trust owner's Last Will and Testament. In the event the FDIC needs to make a deposit insurance determination for a deposit held by such a trust, it would require a copy of the relevant Last Will and Testament to be provided along with a copy of the trust to ascertain the beneficiaries of the trust.

Trustee and Successor Trustee Designations

The FDIC's calculation of deposit insurance coverage for Trust Accounts is based upon the owners (e.g. grantor(s), trustor(s) or settlor(s) and the beneficiaries of the trust. The designation of a trustee, or one or more successor trustees do not factor into the deposit insurance calculation. Please note that the owner of a trust may, or may not, also be designated as a trustee for the trust.

No Eligible Beneficiaries are Named

In the unlikely event that a trust owner has not named *any* eligible beneficiaries for his or her trust, the trust's deposit accounts would not be deemed to satisfy the requirements of the Trust Accounts category. Deposit insurance would still be available for the deposit in one of the other insurance categories – most likely the Single Accounts category if the deposit was held by one person. This could result in a depositor inadvertently exceeding the $250,000 deposit insurance limit for that category.

V. Trusts Named as Beneficiaries of Trusts

Informal Trust Designating a Formal Trust as a Beneficiary

A depositor might establish a payable on death account at an IDI, naming the depositor's formal trust as the only beneficiary for the account. In such cases, the FDIC will treat the informal revocable trust account as if it were titled in the name of the formal trust. This means that the trust account will be insured based on the beneficiaries named in the depositor's formal trust, but only if there is such mutuality (meaning the account owner is the same as the trust owner).

However, if a depositor's informal trust designates as a beneficiary a formal trust that is not owned (either wholly or in part) by the depositor, the FDIC will not treat the informal trust as if it is held in the name of the formal trust.

Below are examples of informal trusts designating a formal trust as a beneficiary, where the account would be insured as if held in the name of the formal trust:

1. Jane Doe POD Jane Doe's Revocable Trust
2. John Doe POD John Doe's Revocable Trust
3. John and Jane Doe POD John and Jane Doe's Revocable Trust

Future Trusts Designated as Beneficiaries

In some trust structures, a trust agreement provides that trust funds will pass into one or more new trusts (e.g. a special needs trust, or sub trusts such as A/B trusts) that are created upon the owner's death. Those trusts, in turn, have one or more beneficiaries. In such cases, the FDIC treats the trust that will be created in the future as a mechanism for distributing trust funds, rather than as a beneficiary. The FDIC would consider the beneficiaries of the future trust – that is, any natural persons or organizations that will receive the trust funds through the future trust – to be the beneficiaries of the existing trust for purposes of calculating deposit insurance coverage.

VI. Specific Trust Situations

Death of a Trust Owner

The death of an account owner can affect deposit insurance coverage, often reducing the amount of coverage applicable to a family's deposit accounts. To ensure that families have time to deal with the death of a family member and restructure accounts (if necessary), the FDIC's regulations provide a six month grace period where an account is insured as if the owner were still alive. *See* 12 C.F.R. 330.3(j). This six-month grace period also applies to the death of a trust owner.

For Example

If two trust owners hold a payable on death account at an FDIC-insured bank with three named beneficiaries, the deposit account would be insured for up to $1,500,000 in total while both owners are alive, using the following calculation:

2 owners x 3 beneficiaries x $250,000 = $1,500,000

If one of the trust's owners were to die, the account would remain insured for up to $1,500,000 for a period of six months following the owner's death, assuming the account was not restructured during this period. After the six-month grace period ends, coverage would be calculated as follows:

1 owner x 3 beneficiaries x $250,000 = $750,000

Death of a Trust Beneficiary

While the FDIC's deposit insurance regulations provide a six-month grace period that applies to the death of an account's *owner*, this does not apply to the death of a named *beneficiary.* This means that the death of a beneficiary may result in an immediate reduction in coverage for trust deposit accounts. However, if the trust includes a designation of a successor beneficiary, the FDIC would consider the successor beneficiary as part of the analysis in the event the primary beneficiary was deceased.

Coverdell Education Savings Accounts

A Coverdell Education Savings Account is insured as an irrevocable trust account. Although this account is referred to as an Education IRA, the account does not involve retirement and, therefore, is not insured as a self-directed retirement account. It is an irrevocable commitment created for the purpose of paying qualified education expenses of a designated beneficiary. This type of account is insured as an irrevocable trust account up to $250,000.

VII. Common Misconceptions

"Counting Heads" to Calculate Coverage

Depositors and bankers sometimes mistakenly believe that deposit insurance coverage for trust accounts is calculated by counting every name associated with an account and multiplying that number by $250,000, similar to the regulations that apply to the Joint Accounts category. **Applying this calculation would be incorrect.**

For example, a depositor who is the sole owner of a payable on death account with one named beneficiary might **mistakenly** conclude that because there are two individuals associated with the account (the owner and the beneficiary), deposit insurance coverage for that account should be $500,000.

As explained above, under the rules governing coverage for trust accounts, coverage is determined by **multiplying** the number of owners times the number of beneficiaries, times $250,000 to arrive at the insured amount (which may not exceed $1,250,000 per trust owner). Thus, a deposit with one owner and one named beneficiary would be insured for $250,000.

The proper calculation is 1 owner x 1 beneficiary x $250,000 = $250,000

Trustee and Successor Trustee Designations

Depositors sometimes mistakenly believe that coverage is affected by the designation in a formal trust agreement of one or more trustees or successor trustees. **This is incorrect.** As explained above, the FDIC calculates coverage for trust accounts based upon the *owners* and *beneficiaries* of the trust. Trustee designations generally do not affect deposit insurance coverage.

Depositors should note that it is possible for a person to be both the *owner* and the *trustee* of a formal trust, but the designation as a trustee is not used by the FDIC in calculating deposit insurance coverage. In such instances, that person may factor into the calculation of deposit insurance coverage, but only because he or she is the *owner* of the formal trust, and each owner is insured up to the limit provided in the deposit insurance rules.

VIII. Examples of Trust Account Coverage

Example 9 – Depositor with Both Revocable and Irrevocable Trusts				
Account Title	**Owner**	**Beneficiaries**	**Deposit Type**	**Account Balance**
Alice Doe POD	Alice Doe	Child 1, Child 2, and Child 3	CD	$500,000
Alice Doe Irrevocable Trust	Alice Doe	Child 1, Child 2, and Child 3	DDA	$300,000
Total				**$800,000**

Facts:

Alice Doe is the owner of a payable on death account at an insured bank with three named beneficiaries – Child 1, Child 2, and Child 3 (who are all living individuals) – with a balance of $500,000. Alice Doe has also established an irrevocable trust naming these same three beneficiaries – Child 1, Child 2, and Child 3. The trust maintains a deposit account with a balance of $300,000 at the same insured bank. Assuming that Alice Doe does not maintain any other trust accounts at the same bank, what is the level of coverage for these deposit accounts?

Answer:

Both the payable on death account and the irrevocable trust account are insured under the Trust Accounts category. This means that the two accounts' balances would be added together for purposes of determining deposit insurance coverage. In this case, the balances of the two trust accounts total $800,000. It does not matter that some of the deposits are held in a revocable trust account and some are held in an irrevocable trust account.

Alice Doe has named three individuals as beneficiaries of trust deposits at the same insured bank. Under the FDIC's rules, an owner's trust deposits are insured for up to $250,000 per eligible beneficiary, up to a maximum of $1,250,000 if five or more eligible beneficiaries are named. Alice's trust account coverage is calculated as follows:

1 owner x 3 beneficiaries x $250,000 = $750,000

Here, Alice Doe's trust accounts at the same bank total $800,000, but coverage is $750,000. This means that Alice Doe is insured for $750,000, with the remaining $50,000 uninsured.

Example 10 – More than Five Beneficiaries Named				
Account Title	**Owner**	**Beneficiaries**	**Deposit Type**	**Account Balance**
Ben Doe Revocable Trust	Ben Doe	1, 2, 3, 4, 5, 6, and 7	DDA	$1,750,000
Total				**$1,750,000**

Facts:

Ben Doe is the owner of a deposit account at an insured bank titled in the name of Ben Doe's formal revocable trust. The trust names seven beneficiaries (who are all individuals). The deposit account's balance is $1,750,000. Assuming that Ben Doe does not maintain any other trust accounts at this same bank, what is the level of coverage for this deposit?

Answer:

The revocable trust deposit account would be insured under the Trust Accounts category.

Ben Doe has named seven individuals as beneficiaries of trust deposits at the same insured bank. Under the FDIC's rules, an owner's trust deposits are insured for up to $250,000 per eligible beneficiary, up to a maximum of $1,250,000 if five or more eligible beneficiaries are named.

This means that Ben Doe is insured for $1,250,000, with the remaining $500,000 uninsured.

Note that the deposit insurance rules do not affect the distribution of funds upon Ben Doe's death, and trust funds could be distributed to all seven named beneficiaries. The FDIC's rules only affect the level of deposit insurance coverage that would apply to the deposit in the unlikely event of a bank failure.

Example 11 – Revocable and Irrevocable Trusts with Different Beneficiaries				
Account Title	**Owner**	**Beneficiaries**	**Deposit Type**	**Account Balance**
Carol Doe Revocable Trust	Carol Doe	Child 1, Child 2, and Child 3	Savings	$600,000
Carol Doe Irrevocable Trust	Carol Doe	Child 4, Child 5, and Child 6	CD	$500,000
Total				**$1,100,000**

Facts:

Carol Doe is the owner of a $600,000 savings account at an insured bank held in the name of a formal revocable trust. The formal revocable trust names three beneficiaries – Child 1, Child 2, and Child 3 (who are all individuals). Carol Doe also established an irrevocable trust that names three different beneficiaries – Child 4, Child 5, and Child 6 (who are also individuals). The irrevocable trust maintains a $500,000 CD account at the same insured bank. Assuming that Carol Doe does not maintain any other trust accounts at this bank, what is the level of coverage for these deposit accounts?

Answer:

Both the formal revocable trust account and the irrevocable trust account are insured under the Trust Accounts category. This means that the two accounts' balances would be added together for purposes of determining deposit insurance coverage.

In this case, the balances of the two trust accounts total $1,100,000. It does not matter that some of the deposits are held in the name of a revocable trust, while some are held in the name of an irrevocable trust.

Carol Doe has named six individuals as beneficiaries of trust deposits at the same insured bank. It does not matter that under the terms of the relevant trusts, some beneficiaries might receive a greater share of the trust funds than others. Under the FDIC's rules, an owner's trust deposits are insured for up to $250,000 per eligible beneficiary, up to a maximum of $1,250,000 if five or more eligible beneficiaries are named.

Here, Carol Doe's trust accounts total $1,100,000, which is less than the maximum of $1,250,000 for a trust owner with five or more beneficiaries. This means that the full balance of $1,100,000 is insured by the FDIC.

Note that the deposit insurance rules do not affect the distribution of funds upon Carol Doe's death, and trust funds could be distributed to all six named beneficiaries. The FDIC's rules only affect the level of deposit insurance coverage that would apply to the deposit.

Example 12 – Revocable Trusts (Formal and Informal, with Multiple Owners)

Account Title	Owners	Beneficiaries	Deposit Type	Account Balance
John and Jane Doe Revocable Trust	John and Jane Doe	Child 1, Child 2, and Child 3	Savings	$1,500,000
John and Jane Doe POD	John and Jane Doe	Child 4, Child 5, and Child 6	MMDA	$500,000
Total				**$2,000,000**

Facts:

John and Jane Doe own a $1,500,000 savings account at an insured bank held in the name of their formal revocable trust. Their formal revocable trust names three beneficiaries – Child 1, Child 2, and Child 3 (who are all individuals). John and Jane Doe also own a $500,000 payable on death account at the same bank that names three different beneficiaries – Child 4, Child 5, and Child 6 (who are also individuals). Assuming that John and Jane Doe do not maintain any other trust accounts at this bank, what is the level of coverage for these deposit accounts?

Answer:

Both the formal revocable trust account and the payable on death account are insured under the Trust Accounts category.

This means that the two accounts' balances would be added together for purposes of determining deposit insurance coverage.

In this case, the balances of the two trust accounts total $2,000,000. It does not matter that some of the deposits are held in the name of a formal revocable trust, while some are held in a payable on death account.

John and Jane Doe have named six individuals as beneficiaries of their trust deposits at the same insured bank. It does not matter that some beneficiaries might receive a greater share of the trust funds than others. Under the FDIC's rules, an owner's trust deposits are insured for up to $250,000 per eligible beneficiary, up to a maximum of $1,250,000 if five or more eligible beneficiaries are named. If a trust deposit has multiple owners, each owner receives separate coverage up to this limit.

Here, the trust accounts total $2,000,000, which is less than the maximum of $2,500,000 ($1,250,000 per owner) in insurance coverage that could apply for John and Jane Doe collectively. This means that the full balance of $2,000,000 is insured by the FDIC.

Note that the deposit insurance rules do not affect the distribution of funds upon the death of the depositors, and trust funds could be distributed to all six named beneficiaries. The FDIC's rules only affect the level of deposit insurance coverage that would apply to the deposits should the IDI fail.

Example 13 – POD, Formal Revocable, and Irrevocable Trusts with Multiple Owners				
Account Title	**Owners**	**Beneficiaries**	**Deposit Type**	**Account Balance**
Husband and Wife Revocable Trust	Husband and Wife	Child 1, Child 2, and Child 3	Savings	$1,500,000
Husband and Wife POD	Husband and Wife	Child 1, Child 2, and Child 3	MMDA	$500,000
Husband and Wife Irrevocable Trust	Husband and Wife	Child 1, Child 2, and Child 3	CD	$300,000
Total				**$2,300,000**

Facts:

A Husband and Wife co-own a $1,500,000 savings account at an insured bank held in the name of their formal revocable trust. Their formal revocable trust names three beneficiaries – Child 1, Child 2, and Child 3 (who are all individuals). The Husband and Wife also co-own a $500,000 payable on death account at the same bank that names the same three beneficiaries.

Finally, the Husband and Wife have established an irrevocable trust naming the same three beneficiaries (Child 1, Child 2, and Child 3), and this trust also maintains a $300,000 CD at the same insured bank.

Assuming that the Husband and Wife do not maintain any other trust accounts at this bank, what is the level of coverage for these deposit accounts?

Answer:

All three accounts are insured under the Trust Accounts category, which includes deposits of informal revocable trusts, formal revocable trusts, and irrevocable trusts. This means that the three accounts' balances would be added together for purposes of determining deposit insurance coverage. In this case, the balances of the three trust accounts total $2,300,000. It does not matter that some of the deposits are held in the name of a revocable trust, some are held in a payable on death account, and the remainder is held in an irrevocable trust account.

The Husband and Wife have named three individuals as beneficiaries of their trust deposits at the same insured bank. Under the FDIC's rules, an owner's trust deposits are insured for up to $250,000 per eligible beneficiary, up to a maximum of $1,250,000 if five or more eligible beneficiaries are named. If a trust deposit has multiple owners, each owner receives separate coverage up to this limit.

The Husband's trust account coverage is calculated as follows:

1 owner x 3 beneficiaries x $250,000 = $750,000

The Wife receives the same amount of coverage, $750,000, calculated in the same manner:

1 owner x 3 beneficiaries x $250,000 = $750,000

The total amount of deposit insurance coverage that applies to the Husband and Wife's trust account deposits is therefore $1,500,000. This is less than the $2,300,000 combined balance of their three trust accounts, with the result that their balance in excess of the insurance limit, $800,000, would be uninsured.

Example 14 – Multiple Trust Accounts with Common Owners and Beneficiaries	
Account Title	**Balance**
Paul & Lisa Li Living Trust (John and Sharon, as beneficiaries)	$700,000
Lisa Li POD to Paul, John, and Sharon	$450,000

Facts:

Paul and Lisa Li, husband and wife, are co-grantors of a revocable living trust which designates their two children, John and Sharon, as beneficiaries.

At their local IDI, they have one deposit account in the amount of $700,000 titled in the name of their living trust. Paul has no other deposits at the IDI, but Lisa also has an informal revocable trust account in the amount of $450,000 payable on death to Paul, John, and Sharon.

Answer:

Both accounts are insured under the Trust Accounts category, which includes deposits of informal revocable trusts and formal revocable trusts. It does not matter that some of the deposits are held in the name of a formal revocable trust and some are held in a payable on death account.

Under the FDIC's rules, an owner's trust deposits are insured for up to $250,000 per eligible beneficiary, up to a maximum of $1,250,000 if five or more eligible beneficiaries are named. If a trust deposit has multiple owners, each owner receives separate coverage up to this limit.

Paul is presumed to own one-half of the $700,000 living trust account, meaning his interest in the trust account is $350,000. He has named two beneficiaries - John and Sharon. His trust account coverage is therefore calculated as follows:

Paul's Coverage = 1 owner x 2 beneficiaries x $250,000 = $500,000

Accordingly, Paul's $350,000 trust deposit is fully insured.

Lisa is presumed to own the remaining $350,000 share of the living trust account, and she is the sole owner of the $450,000 POD account. Lisa's trust deposits therefore total $800,000. She has named three beneficiaries - Paul, John, and Sharon. Her trust account coverage is calculated as follows:

Lisa's Coverage = 1 owner x 3 beneficiaries x $250,000 = $750,000

Lisa's $800,000 in trust deposits exceeds her $750,000 in coverage, with the result that the excess of $50,000 would be uninsured.

HEALTH SAVINGS ACCOUNTS

I. Definition

A Health Savings Account ("HSA") is a tax-exempt trust or custodial account established with a qualified HSA trustee, such as an IDI, to pay or reimburse certain medical expenses. Interest earned on an HSA is tax-free. In addition, tax-free withdrawals may be made for qualified medical expenses. Unused funds and interest are carried over, without limit, from year to year.

II. Insurance Limit

The FDIC does not recognize HSAs as a unique deposit insurance category. HSAs are insured based on who owns the funds and whether beneficiaries are named in the IDI account records. These accounts could be insured under one of the following deposit insurance categories depending on whether beneficiaries are listed:

1. **Trust Accounts category**
2. **Single Accounts category**

III. Deposit Insurance Category

1. HSAs as Trust Accounts

In order to identify the applicable deposit insurance category for an HSA, the FDIC will determine whether the deposit has testamentary language identifying one or more eligible beneficiaries to receive the HSA deposit funds when the owner dies. If valid testamentary language exists with one or more beneficiaries named, then the FDIC will insure the deposit under the Trust Accounts category. In general, coverage for trust accounts depends on the number of owners and the number of beneficiaries. For example, if John Smith deposited $750,000 at XYZ Bank and established an HSA where he identified his three children as beneficiaries of the HSA, then John Smith would be insured for up to $750,000. Using the formula for determining coverage for a trust account, his coverage would be calculated as follows:

1 owner x 3 beneficiaries x $250,000 = $750,000

2. HSAs as Single Accounts

If an owner of an HSA has not designated beneficiaries, then the FDIC will insure the HSA as the single account of the owner. The insurance limit would be up to $250,000 for all single accounts, including any HSAs that a depositor has at the same IDI.

3. Aggregation with Other Trust Accounts or Single Accounts

In calculating the deposit insurance coverage for an HSA that identifies beneficiaries, the FDIC will aggregate the funds of the HSA with the owner's other Trust Accounts. Thus, in the earlier example, if John Smith has named his three children as beneficiaries on his HSA and also has named those same children as POD beneficiaries on a savings account at the same IDI, the FDIC would combine those accounts and John's total coverage would be $750,000. If John deposited more than $750,000 between the two accounts combined, then he would have uninsured funds.

Similarly, if the HSA is established without any beneficiaries, then those deposits would be combined with any other single accounts that the depositor has at the same IDI and insured for up to $250,000.

IV. Titling Requirement

The FDIC does not require "POD" or "ITF" to be included in the account title for an HSA to be eligible for Trust Account coverage. If the HSA deposit has testamentary language naming beneficiaries, then the FDIC will accept any of the following terms: "*Health Savings Account Trust,*" "*Health Savings Account*" (without the word "trust") or "*HSA.*" In regard to the requirement that the beneficiaries of an informal revocable trust account must be named in the IDI's account records, the listing of the beneficiaries in the IDI's HSA application form or elsewhere in the IDI's records would be acceptable.

EMPLOYEE BENEFIT PLAN ACCOUNTS[1]

(12 C.F.R. § 330.14)

I. Definition

For purposes of deposit insurance coverage, the term "employee benefit plan" means an employee welfare benefit plan or an employee pension benefit plan (or a hybrid of the two). This definition is taken from Section 3(3) of the Employee Retirement Income Security Act of 1974 (ERISA).

The most common employee benefit plans include:

- ***Defined benefit plans*** – These plans pay participants a certain amount after they retire based on years of employment and their salary.
- ***Employee welfare plans or welfare benefit plans*** – These plans provide medical, health, and hospitalization benefits or income in the event of sickness, accident, or death.
- ***Defined contribution plans*** (e.g., 401(k), profit sharing plans) – These plans allow participants and/or employers to make tax-deferred contributions, that plan participants can access later (e.g., after they are 59½ years old).
- ***Keogh plans*** (defined benefit or defined contribution plans) – These plans are used by self-employed people who make tax-deferred contributions that plan participants can access later (e.g., after they are 59½ years old).

FDIC insurance coverage is based on deposited funds at the IDI.

Employee benefit plans can invest funds in deposit accounts in IDIs as well as in nondeposit products such as stocks, bonds, and other investments. FDIC deposit insurance only applies to the funds that are on deposit at the IDI.

II. Investment Decisions Made By a Plan Administrator

Employee benefit plans have plan administrators who make investment decisions for the plan participants.

[1] Section 11(a)(1)(D)(ii) of the FDI Act, 12 U.S.C. § 1821(a)(1)(D)(ii), provides that an IDI may not accept deposits of an employee benefit plan unless the IDI is well capitalized or adequately capitalized. Please note, however, that an undercapitalized IDI's violation of this prohibition will not affect the insurance coverage of the employee benefit plan's deposits.

III. Insurance Limit

The deposits of an employee benefit plan are insured on a "pass-through" basis, meaning that the deposits are insured up to $250,000 for the "non-contingent interest" of each plan participant. A "non-contingent interest" is an interest capable of determination without evaluation of contingencies other than life expectancy. To the extent that any deposits represent contingent interests, the deposits are separately insured up to $250,000 in the aggregate. Finally, to the extent that any deposits represent an "overfunding" of the plan, the deposits are separately insured up to $250,000 in the aggregate.

Interests in defined contribution plans

An employee's non-contingent interest in a defined contribution plan is deemed to be the "employee's account balance as of the date of the failure of the insured depository institution regardless of whether said amount is derived in whole or in part from contributions of the employee and/or employer to the account." 12 C.F.R. § 330.14(c)(1).

Interests in defined benefit plans

An employee's non-contingent interest in a defined benefit plan "is deemed to be the present value of the employee's interest in the plan evaluated in accordance with the method of calculation ordinarily used under such plan, as of the date of the default of the insured depository institution." 12 C.F.R. § 330.14(c)(2).

Example 15 – Pass-through Deposit Insurance Coverage for Employee Benefit Plan Accounts	
Account Title	**Balance**
Medical Services of Mainville, PC Employee Benefit Plan	$700,000

Example 15

Facts:

Medical Services of Mainville, a small doctor's office, has four employees, each of whom participates in the employee benefit plan. These employees do not participate in any other employee benefit plan sponsored by the same employer.

The plan administrator invested $700,000 in CDs from Anytown Bank. The employee benefit plan defines the interest of each plan participant. Under the terms of the plan documents, the interests of the participants are non-contingent. The respective interests of the participants are set forth below:

Plan Participants	Share of Plan	Share of Deposit
Dr. Moore	40%	$280,000
Dr. Wilson	35%	$245,000
Nurse Smith	15%	$105,000
Mrs. Taylor	10%	$70,000
Plan Total	**100%**	**$700,000**

Rules:

a. The deposits of an employee benefit plan are insured up to $250,000 for each participant's non-contingent interest.

b. To calculate each participant's interest in a deposit account, multiply the deposit amount by each participant's percentage share of the plan's assets.

Answer:

Plan Participants	Share of Plan (A)	Share of Deposit (B)	Insured Amount (C)	Uninsured Amount (D)
Dr. Moore	40%	$280,000	$250,000	$30,000
Dr. Wilson	35%	$245,000	$245,000	$0
Nurse Smith	15%	$105,000	$105,000	$0
Mrs. Taylor	10%	$70,000	$70,000	$0
Plan Total	**100%**	**$700,000**	**$670,000**	**$30,000**

In this example, Column A provides each plan participant's percentage share of the plan. The interest of Dr. Moore, for example, is 40% of the plan assets. The plan has $700,000 on deposit. Therefore, Dr. Moore's interest is 40% of $700,000, which equals $280,000 (Column B).

Since each plan participant's non-contingent interest is insured up to $250,000 (Column C), Dr. Moore's interest is uninsured in the amount of $30,000 (Column D).

Using this same calculation for each participant, the table shows every other participant's non-contingent interest is less than $250,000. Therefore, the interests of the other employees are fully insured.

IV. Determining the Maximum Insurable Amount

The above example explained how the FDIC determines deposit insurance coverage when the funds already are on deposit at the IDI.

Sometimes, a plan participant, an administrator, or an IDI employee wants to know how much can be deposited in a plan account and be fully insured.

Example 16 – Calculating Maximum Deposit Insurance Coverage for an Employee Benefit Plan's Deposits at One IDI

Plan Participants	Share of Plan (A)	Share of Deposit (B)	Insured Amount (C)	Uninsured Amount (D)
Dr. Moore	40%	$250,000	$250,000	$0
Dr. Wilson	35%	$218,750	$218,750	$0
Nurse Smith	15%	$93,750	$93,750	$0
Mrs. Taylor	10%	$62,500	$62,500	$0
Plan Total	**100%**	**$625,000**	**$625,000**	**$0**

Example 16

Facts:

Before opening an employee benefit plan account at XYZ Bank, the plan administrator wants to know how much can be deposited and be fully insured. The facts in this example are the same as in Example 15.

Rule:

The maximum amount that can be deposited in an employee benefit plan account and be fully insured is calculated by dividing $250,000 by the largest non-contingent percentage interest in the plan.

Answer:

Dr. Moore has the largest non-contingent interest in the plan at 40%. When you divide $250,000 by 0.40, the result is $625,000 (Plan Total in Column B). This means the plan's deposits can be fully insured for up to $625,000 at each IDI.

Based on a balance of $625,000, Column B outlines the interest of each participant. For example, multiplying $625,000 by Mrs. Taylor's 10% results in $62,500, which is her beneficial interest. This interest is fully insured because it is not greater than $250,000. Similarly, the interest of every other participant is fully insured because it does not exceed $250,000.

CORPORATION, PARTNERSHIP AND UNINCORPORATED ASSOCIATION ACCOUNTS

(12 C.F.R. § 330.11)

I. Definition

The Corporation, Partnership, and Unincorporated Association ownership category includes deposit accounts owned by businesses and organizations.

1. 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 (PC)" corporations.
2. 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.
3. 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.

Accounts of a sole proprietorship or a DBA are not insured under this account category. Sole proprietorship accounts are insured as the single accounts of the owner. As discussed in the section on single account coverage, DBA or sole proprietorship accounts are added with any other single accounts of the sole proprietor and insured for up to the SMDIA.

II. Insurance Limit

The deposit accounts of a corporation, partnership, or unincorporated association are insured for up to $250,000, provided the corporation, partnership, or unincorporated association is engaged in an "independent activity."

III. Requirements

Business/Organization must be engaged in an independent activity.

In order to receive separate deposit insurance coverage, the business/organization must be engaged in an "independent activity".

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

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

Deposits held in the name of a validly formed corporation, partnership, or unincorporated association are insured separately from the personal deposits of the owners or officials of the organization.

IV. 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, deposits in the names of those divisions are not separately insured. Additionally, deposit accounts designated for different purposes but held by the same corporation also are not separately insured.

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 IDI in the names of different divisions or offices of the corporation, the accounts would be aggregated and insured as the deposits of the corporation up to a total of $250,000.

V. Partnerships

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

Neither the number of partners nor the number of signatories on an account affects the amount of insurance coverage. The maximum deposit insurance coverage for a partnership's deposit accounts at one IDI is $250,000, regardless of the number of partners or signatories on the account.

VI. Unincorporated Associations

Deposit accounts held in the name of an unincorporated association (such as a neighborhood association or a scout troop) engaged in an independent activity are insured as the association's deposits, separately from the personal deposits of the officers or members.

In order for the account to receive separate coverage, the title of the account must include the name of the unincorporated association. In other words, if the accounts are titled using the names of the officers of the organization, the accounts may be insured as the personal deposits of the individuals and not as the funds of the organization.

Insurance coverage for deposits held by an unincorporated association is a maximum of $250,000. 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 17

Facts:

Ann Johnson, the president of XYZ Corporation, has a joint account with her husband at the same IDI where the corporation's funds are deposited. Ann is an authorized signer on the corporate account. In addition, Ann has opened a single account at that IDI. What is the deposit insurance coverage for all of the accounts?

Rules:

a. The accounts of a corporation are insured for up to $250,000.

b. The personal accounts of a signer, a president, or a principal of a corporation are insured separately from the accounts of the business entity.

Answer:

Ann's joint account with her husband is insured up to $500,000. Her single account is insured for up to $250,000 and the corporation's deposits are separately insured up to $250,000.

Example 17 – Deposit Accounts of a Principal of a Corporation are Insured Separately from the Accounts of the Corporation

Account Title	Owner	Account Balance	Insured Amount	Uninsured Amount
XYZ Corporation Operating Account	XYZ Corporation (Ann Johnson, President and authorized signer)	$250,000	$250,000	$0
Dave Johnson and Ann Johnson	Dave Johnson, Ann Johnson	$500,000	$500,000	$0
Ann Johnson	Ann Johnson	$250,000	$250,000	$0
Total		**$1,000,000**	**$1,000,000**	**$0**

Example 18

A corporation, EFG, Inc., has its deposit accounts in the same IDI for both its Operations and its Research and Development divisions. What is the deposit insurance coverage for these accounts?

Rules:

a. Accounts held by the same corporation or entity, but designated for different divisions or offices of the corporation or entity, are not insured separately.

b. All of the accounts held in the name of a corporation are added together and insured for up to $250,000.

Answer:

Although the accounts are designated for different divisions, one for Operations and another for Research and Development, the deposits will be aggregated and insured for up to $250,000 as the funds of EFG, Inc. Since only $250,000 would be insured, the remaining $300,000 would be uninsured.

Example 18 – All Accounts Owned by a Corporation are Combined and Insured for up to $250,000 at an IDI

Account Title	Owner	Account Balance	Insured Amount	Uninsured Amount
EFG, Inc. Operations Division	EFG, Inc.	$250,000	$250,000	$300,000
EFG, Inc. Research and Development Division	EFG, Inc.	$300,000		
Total		**$550,000**	**$250,000**	**$300,000**

Example 19

Good Deeds, a 501(c)(3) non-profit corporation, has an operating account for $500,000 and a building fund account for $300,000 at the same IDI. What is the deposit insurance coverage for these accounts?

Rules:

a. Accounts held by the same non-profit corporation, but designated for different purposes, are not insured separately.

b. All of the accounts held in the name of a non-profit corporation are added together and insured for up to $250,000.

Answer:

The deposits of Good Deeds are insured for up to $250,000 and uninsured for $550,000. Although the accounts are designated for different purposes, they are not separately insured since the same non-profit corporation owns all the deposits. Therefore, all of the deposit accounts for the non-profit corporation are combined and insured up to $250,000.

Example 19 – All Accounts Owned by a Non-Profit Organization are Combined and Insured for up to $250,000 at an IDI

Account Title	Owner	Account Balance	Insured Amount	Uninsured Amount
Good Deeds Operating Account	Good Deeds	$500,000	$250,000	$550,000
Good Deeds Building Fund	Good Deeds	$300,000		
Total		**$800,000**	**$250,000**	**$550,000**

Example 20

Mary Rodriguez and Associates is a financial services partnership that was established by five financial planners: Mary Rodriguez, Richard Livery, Paula Rogers, Daniel McNeil, and Abby Winters. At the local IDI, Mary purchased a CD for $1,250,000 in the name of the partnership. What is the maximum deposit insurance coverage for the CD?

Rule:

Deposits held by a partnership are insured for up to $250,000 irrespective of the number of partners or the different purposes for which the accounts have been designated.

Answer:

The maximum insurance coverage for Mary Rodriguez and Associates is up to $250,000. The partnership's deposits are not insured as the partners' single or joint accounts since the deposits are owned by the partnership (a legal entity), not the partners as individuals. Accounts owned by the partnership are added together and insured for up to $250,000, with $1,000,000 in uninsured funds.

Example 20 – Deposit Accounts Held by a Partnership are Insured up to $250,000 as the Funds of the Partnership and are not Insured Based on the Number of Partners

Account Title	Owner	Account Balance	Insured Amount	Uninsured Amount
Mary Rodriguez and Associates, LP	Mary Rodriguez and Associates, LP	$1,250,000	$250,000	$1,000,000
Total		**$1,250,000**	**$250,000**	**$1,000,000**

GOVERNMENT ACCOUNTS (12 C.F.R. § 330.15)

I. Definition

Government accounts are also known as public unit accounts. This category includes accounts of the federal government, state governments, and other governmental bodies as discussed below.[2] In this category, the governmental body itself is not treated as the insured depositor. Rather, the "official custodian" of the account (as discussed below) is treated as the insured depositor.

II. Insurance Limit

Deposit insurance coverage for public units depends on the type of the deposit and the location of the IDI.

1. Accounts Held in an In-state IDI

In general, all time and savings accounts held by an official custodian in an IDI located in the same state as the public unit are insured for up to $250,000. Separately, demand deposit accounts (interest-bearing and noninterest-bearing) owned by a public unit and held by the same official custodian in an IDI within the state in which the public unit is located are added together and insured up to $250,000.

2. Accounts Held in an Out-of-state IDI

The insurance coverage of accounts held by government depositors is different if the IDI is located outside the state in which the public unit is located. In that case, all deposits owned by the public unit and held by the same official custodian are added together and insured up to $250,000. Time and savings deposits are not insured separately from demand deposits.

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 IDI, regardless of the state in which the IDI is located.

Deposit insurance coverage is not increased by placing deposits into multiple demand deposit accounts or multiple time or savings accounts controlled by the same official custodian for the same public unit.

For the purpose of these rules, the term "savings deposits" includes NOW accounts and MMDAs but does not include interest-bearing demand deposit accounts. The term "demand deposits"

[2] Note that accounts of Native American tribes are insured under the Government Accounts category, see 12 CFR 330.15(a)(5), while deposit accounts held by the Bureau of Indian Affairs on behalf of Native Americans and deposited into an IDI are insured separately as provided in 12 CFR 330.7(e). See the discussion in the section of this Guide titled "Custodian Accounts for Native Americans."

means deposits payable on demand and for which the IDI does not reserve the right to require advance notice of an intended withdrawal. For the purpose of deposit insurance coverage under this category of ownership, interest-bearing demand deposit accounts are insured as demand deposit accounts and not as savings accounts.

III. Governmental Entities

Entities insured in the Government Accounts category include the United States, states, counties, municipalities, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, The Commonwealth of the Northern Mariana Islands, Native American tribes, drainage districts, irrigation districts, navigation districts, improvement districts, levee districts, sanitary districts, school districts, power districts, bridge or port authorities, and other special districts created by state statute or compacts between the states, and other "political subdivisions."

Political subdivision is defined as any subdivision or principal department of a public unit (state, county, or municipality) if the subdivision or department meets the following tests:

- The creation of the subdivision or department has been expressly authorized by the law of such public unit;
- Some functions of government have been delegated to the subdivision or department by such law; and
- The subdivision or department is empowered to exercise exclusive control over funds for its exclusive use.

A political subdivision (through its official custodian) is entitled to its own insurance coverage.

IV. Official Custodians

The "official custodian" of the account is treated as the insured depositor. If a public unit has multiple official custodians, the deposits of each official custodian are separately insured.

The official custodian is an officer, employee, or agent of a public unit who has plenary authority, including control, over funds owned by the public unit, which the official custodian is appointed or elected to serve. Control of public funds includes possession of, as well as the authority to establish, accounts in an IDI and to make deposits, withdrawals, and disbursements.

One person may serve as official custodian of the deposits 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 deposits in their control. To qualify for separate insurance coverage, however, each official custodian must have plenary authority, including control, over the deposits owned by the public unit.

Deposit insurance coverage cannot be increased by dividing funds among several putative official custodians who lack plenary authority over such funds. Similarly, coverage cannot be increased by dividing funds among several accounts controlled by the same official custodian for the same public unit. If the exercise of authority or control over the deposits of a public unit requires action by, or the consent of, two or more custodians, the FDIC would treat the two custodians acting together as one official custodian for the purpose of calculating deposit insurance coverage.

Example 21

Facts:

John Martinez, the official custodian for Orange Town, has opened some deposits at XYZ Bank, an in-state IDI: an MMDA for $150,000, a CD for $100,000 and an interest-bearing DDA for $250,000. What is the deposit insurance coverage?

Rule:

a. For public unit funds that are deposited in an IDI located in the same state as the public unit, an official custodian will receive coverage up to $250,000 for the combined amount of all time and savings accounts.

b. For public unit funds that are deposited in an IDI located in the same state as the public unit, the official custodian will receive separate coverage up to $250,000 for the combined amount of all demand deposit accounts.

Answer:

For the public funds that are deposited in Any Bank, an in-state IDI, John Martinez as the official custodian will be insured up to $250,000 for the combined amount of the MMDA and the CD. Since the aggregate balance of the MMDA and the CD is $250,000, John Martinez is fully insured for the time and savings accounts.

In addition, he would be insured separately for $250,000 for the interest-bearing demand deposit account that is also deposited at XYZ, the in-state IDI.

Example 21 – Government Accounts are Insured Based on the Bank's Location and the Type of Deposit					
Account Title	**Location of Deposits**	**Deposit Type**	**Account Balance**	**Insured Amount**	**Uninsured Amount**
Orange Town	In-state IDI	MMDA	$150,000	$150,000	$0
Orange Town	In-state IDI	Interest-bearing DDA	$250,000	$250,000	$0
Orange Town	In-state IDI	CD	$100,000	$100,000	$0
Total			**$500,000**	**$500,000**	**$0**

Example 22

Facts:

Bernice Lewis is the official custodian for the Municipality of Magenta. Andy Jackson is a signer on the account, but is not an elected or appointed official with plenary authority over the funds. At the local IDI, there are two accounts held by the municipality: an MMDA for $150,000 and a NOW account for $100,000. What is the deposit insurance coverage for these accounts?

Rule:

Deposit insurance coverage is provided for the official custodian of a government account.

Answer:

Since Bernice is the only official custodian who can exercise plenary control over the funds of the Municipality of Magenta, then for deposit insurance purposes, there is only one official custodian, and the maximum deposit insurance coverage for these accounts would be up to $250,000. Andy's designation as a signer does not provide for additional deposit insurance coverage. Furthermore, since both accounts (MMDA and NOW) are savings accounts, Bernice is insured for $250,000. Although an official custodian can qualify for up to $500,000 in deposit insurance coverage for in-state accounts, no more than $250,000 can be held in time and savings accounts and no more than $250,000 can be held in demand deposit accounts.

Example 22 – Coverage for Government Accounts is Provided to the Official Custodian of the Public Unit						
Account Title	**Location of Deposits**	**Deposit Type**	**Official Custodian**	**Account Balance**	**Insured Amount**	**Uninsured Amount**
Municipality of Magenta	In-state IDI	MMDA	Bernice Lewis	$150,000	$150,000	$0
Municipality of Magenta	In-state IDI	NOW	Bernice Lewis	$100,000	$100,000	$0
Total				**$250,000**	**$250,000**	**$0**

V. Collateralization of Public Funds

The FDIC does not insure government accounts above the limits described in this section. However, depending on applicable state or federal law, government accounts may be secured above FDIC insurance limits by collateral provided by a third party or the assets of the IDI. In the event of the failure of the IDI, the FDIC, as receiver, will honor the collateralization agreement assuming the agreement is valid and enforceable under the applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. If the collateral is insufficient to cover these funds, then the depositor becomes a creditor of the failed IDI receivership estate to the extent of the uninsured amount.

VI. Common Misconceptions

1. Custodians for public units may not realize that to obtain $500,000 in total coverage at one IDI, no more than $250,000 can be deposited into time and savings accounts (for example, savings accounts, CDs, and NOW accounts) and no more than $250,000 in demand deposit accounts (both interest-bearing and noninterest-bearing demand deposit accounts). Also, such separate coverage (up to $250,000 for time and savings accounts and up to $250,000 for demand deposit accounts) is not available unless the public unit is located in the same state as the IDI.

2. 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, the deposits will be added together when calculating insurance coverage. Assuming the public unit is located in the same state as the IDI, the coverage would be up to $250,000 for all time and savings accounts and up to $250,000 for all demand deposit accounts.

MORTGAGE SERVICING ACCOUNTS FOR PRINCIPAL AND INTEREST PAYMENTS

(12 C.F.R. § 330.7(D))

I. Definition

Mortgage servicing accounts are deposit accounts opened by mortgage servicers for the purpose of holding commingled payments of principal and interest ("P&I") made by mortgagors. Deposit insurance coverage is provided to the mortgagees or investors, but coverage is separate from other accounts maintained by the mortgagees or investors.

Note: This category does not apply to payments of taxes and insurance premiums, which are discussed below.

II. Insurance Limit

Accounts maintained by a mortgage servicer, in a custodial or other fiduciary capacity, which are comprise payments by mortgagors of P&I, are insured for the cumulative balance paid into the account by the mortgagors, or in order to satisfy mortgagors' principal or interest obligations to the lender, up to the limit of the SMDIA per mortgagor.

No aggregation with other accounts

A borrower's P&I payment that is deposited into the account is not added with any other category of deposit insurance.

Example 23

Facts:

From one thousand borrowers, a mortgage servicer collects a monthly mortgage payment of $2,000 (P&I) and places the commingled funds into a mortgage servicing account, for various mortgage investors. What is the deposit insurance coverage for this account?

Rule:

Commingled P&I payment accounts established by mortgage servicers are insured up to $250,000 for the funds paid into the account by each mortgagor.

Answer:

The aggregate of all payments - $2,000,000 - is fully insured because each mortgagor's payment of $2,000 is insured separately for up to $250,000.

Example 23 – Mortgage Servicing Accounts for P&I Payments				
Account Title	**Owners**	**Account Balance**	**Insured Amount**	**Uninsured Amount**
ABC Mortgage Servicer, FBO	1,000 Mortgage Investors	$2,000,000	$2,000,000	$0
Total		**$2,000,000**	**$2,000,000**	**$0**

III. Deposit Insurance Calculation for Payments of Taxes and Insurance (T&I)

The insurance coverage of P&I funds is different than the deposit insurance for deposits representing the commingled payments of T&I premiums. Accounts maintained by a mortgage servicer, in a custodial or other fiduciary capacity, which are comprised of payments by mortgagors of T&I premiums are added together and insured for the ownership interest of each mortgagor in such accounts.

To receive this coverage, the deposit account must satisfy pass-through requirements applicable to deposits held by custodians or fiduciaries. Specifically, the deposit account records must disclose the fiduciary nature of the deposit and the records of the IDI or the fiduciary must disclose the owners and their ownership interests in the account.

T&I payments are generally insured on a pass-through basis. Provided that the relevant titling and recordkeeping requirements are met, then pass-through coverage would apply and the T&I payments would be insured to each respective mortgagor. Please note that since the funds are deemed to belong to the mortgagor, any T&I funds on deposit in an IDI would be added to any other funds owned by each mortgagor in the same ownership category at the same IDI and insured to the applicable limit.

Example 24

Facts:

XYZ Mortgage Company collects from one thousand mortgagors their monthly T&I payment of $300 and places the funds into an escrow account. What is the deposit insurance coverage for this account?

Rule:

a. T&I deposits are insured on a pass-through basis to each of the individual borrowers.

b. Any other deposits in single accounts that the mortgagors have at the same IDI will be aggregated with the T&I funds and insured up to $250,000.

Answer:

Assuming that the deposit account satisfies certain disclosure requirements applicable to deposits held by agents or fiduciaries, each individual borrower is insured for up to $250,000 for their T&I deposits. These deposits are aggregated with any other single accounts that the borrower may have at the same IDI.

Example 24 – Escrow Accounts for "T&I" Premiums

Account Title	Owner	Account Balance	Insured Amount	Uninsured Amount
XYZ Mortgage Company FBO	1,000 Borrowers	$300,000	$300,000	$0
Total		**$300,000**	**$300,000**	**$0**

ACCOUNTS HELD BY AN IDI AS THE TRUSTEE OF AN IRREVOCABLE TRUST

(12 C.F.R. § 330.12)

I. Definition

To qualify under this category, an account must be held by an IDI as a trustee of an irrevocable trust. This category is applicable whether the IDI as trustee holds the trust funds in a deposit account at the IDI, or whether the IDI as trustee places the funds into a deposit account at another IDI.

No aggregation with other accounts

Deposit insurance coverage for irrevocable trusts in this category is separate from, and in addition to, deposit insurance coverage for other ownership categories.

In this section, the phrase “trust funds” means funds held by an IDI as a trustee for an irrevocable trust. “Trust estate” means a beneficiary’s or principal’s determinable and beneficial interest in trust funds (under this category, trust estate does not refer to the interests of heirs in a decedent’s estate).

II. Insurance Limit

The FDIC insures each trust fund owner or beneficiary represented for up to $250,000. This insurance is separate from, and in addition to, the insurance provided for any other deposits of the owners or the beneficiaries.

Allocated and unallocated funds

The FDIC regulations for this ownership category recognize that an IDI trustee might deposit allocated or unallocated funds as the trustee of irrevocable trusts. The term “unallocated funds” means the IDI trustee commingles money from multiple irrevocable trusts and then deposits the commingled funds.

In contrast, allocated funds are not commingled — these funds simply belong to a specific irrevocable trust. Both allocated and unallocated funds follow the FDIC’s rules for pass-through deposit insurance coverage: deposit insurance coverage passes through the IDI trustee to the trust owners and beneficiaries, assuming satisfaction of the FDIC’s requirements for pass-through coverage.

III. Requirements

The requirements for obtaining coverage of up to $250,000 for each owner or beneficiary represented are the following:

- The account records must indicate that the funds are held by the trustee pursuant to a fiduciary relationship.
- The account must be supported by an irrevocable trust established by statute or trust agreement with an IDI as trustee.
- The IDI must be able to provide documentation as to the interests of the owners or beneficiaries.

ANNUITY CONTRACT ACCOUNTS

(12 C.F.R. § 330.8)

I. Definition

An annuity contract account is an account established by an insurance company or other corporation to hold funds for the sole purpose of funding life insurance or annuity contracts and any benefits incidental to such contracts.

II. Insurance Limit

Under this category, the insurance company is entitled to deposit insurance coverage of up to $250,000 for each annuitant's interest provided that:

- The corporation establishes a separate account for such funds;
- The account cannot be charged with the liabilities arising out of any other business of the corporation; and
- The account cannot be invaded by the corporation's other creditors if the corporation becomes insolvent and its assets are liquidated.

No aggregation with other accounts

This coverage is separate from any other accounts the insurance company or the annuitants may have at the same IDI.

III. Titling of Accounts at an IDI

Typically annuity contract deposits are titled to reflect the relationship between the annuitant and the insurance company. For instance, an account titled as "ABC Insurance Company Annuitants Account" is sufficient to establish the necessary relationship for deposit insurance purposes.

PUBLIC BOND ACCOUNTS (12 C.F.R. § 330.15(C))

I. Definition

This category insures deposits held by an officer, agent, or employee of a public unit under a law or bond indenture that requires the deposits to be set aside to discharge a debt owed to the holders of notes or bonds issued by the public unit.

II. Insurance Limit

Deposit insurance coverage for public bond accounts is up to $250,000 for the beneficial interest of each bondholder. Bondholders will be insured up to $250,000 for all bonds issued by the same issuer, regardless of whether there are different series involved.

Identification of the account as a bond redemption account is sufficient for per bondholder coverage, provided each bondholder's interest is ascertainable.

No aggregation with other public unit deposits

Deposit insurance coverage under this ownership category is separate from the coverage for other deposits owned by the public unit at the same IDI.

III. Requirements

Pass-through deposit insurance coverage

In order to obtain per bondholder or pass-through coverage, the deposit account must satisfy certain disclosure requirements applicable to deposits held by agents or fiduciaries. Specifically, the deposit account records of the IDI 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 IDI 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).)

CUSTODIAN ACCOUNTS FOR NATIVE AMERICANS 12 C.F.R. § 330.7(E))

I. Definition

This category pertains to deposit accounts held by the Bureau of Indian Affairs ("BIA") on behalf of Native Americans and deposited into an IDI. Please note, the FDIC regulations use the term "American Indian" when referencing accounts of Native Americans.

See the earlier discussion of government accounts for details on the deposit insurance coverage that applies to accounts of Native American tribes. In addition, the personal deposits of Native Americans are insured like any other depositor's personal accounts.

II. Insurance Limit

Under this category, the custodian accounts are insured up to $250,000 for each Native American for whom the BIA is acting.

III. Requirements

The requirements for obtaining coverage in this category ($250,000 for the interest of each Native American) are the following:

- The account records must indicate that the funds are held by the disbursing agent in an agency capacity.
- The disbursing agent must hold the funds pursuant to 25 U.S.C. § 162(a) or similar authority.
- For per Native American coverage, the Native American must have an ascertainable interest in the funds.

IV. No Aggregation with Other Accounts

In general, funds that are insured on a pass-through basis are combined with any other funds that the principal holds in the same ownership category at the same IDI. There is an exception to that general rule with respect to funds held under this category of ownership. Deposits held by the BIA on behalf of a Native American are not aggregated with other deposits that the same Native American also may hold in the same ownership category at the same IDI.

MERGER OF IDIs

I. The Six-month Rule (12 C.F.R. § 330.4)

When the deposit accounts of one IDI are acquired by another IDI, the newly acquired deposits are separately insured from any accounts a depositor may already have at the acquiring IDI for an initial period of six months. This grace period is intended to give depositors an opportunity to restructure their accounts if the merger causes a depositor to have funds in excess of the insurance limits at the acquiring IDI.

If a depositor only held funds at one of the two IDIs that merged, this grace period would not apply, as the depositor's insurance coverage would be unaffected by the merger.

The grace period may be applied differently for time and non-time deposits.

II. Time Deposits

CDs acquired by an IDI are separately insured from pre-existing deposit accounts at the IDI, subject to the following rules:

1. Time deposits that mature after the six-month grace period remain separately insured until they mature.
2. Time deposits that mature within the first six months after the merger and are renewed for the same time period and the same dollar amount as the original deposit (with or without accrued interest added to the principal amount), will continue to be separately insured until the first maturity date after the expiration of the six-month period.
3. Time deposits that mature within the first six months after the merger and are renewed for a different dollar amount or a different time period (even if the acquiring IDI does not offer CDs for the original time period), 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 only until the end of the six-month period.

Example 25

Facts:

Acquiring Bank and Bank Sold merged on July 1, 2010. Before the merger, Michelle Young purchased:

1. A $240,000 CD from Acquiring Bank on January 1, 2009. The CD has a four year term, and it matures on January 1, 2013; and
2. A $230,000 CD from Bank Sold on October 1, 2009. The CD has a one year term, and it matures on October 1, 2010.

Three months after the merger, on October 1, 2010, Michelle Young renewed her Bank Sold CD for another one-year term until October 1, 2011. Michelle rolled over her original $230,000 principal. Assume accrued interest for both CDs is mailed monthly.

How are these CDs insured?

Example 25 – Insurance of CDs After the Merger of Two IDIs

	2009	2010	2011	2012
Acquiring Bank	**$240,000 CD**			
Bank Sold	**$230,000 CD**			

Rule:

a. When two or more IDIs merge, deposits from the assumed IDI (in this example, Bank Sold) are separately insured from deposits at the assuming IDI (in this example, Acquiring Bank) for at least six months after the merger. This grace period gives a depositor the opportunity to restructure his or her accounts, if necessary.

b. CDs from the assumed IDI are separately insured until the earliest maturity date after the end of the six-month grace period.

c. CDs that mature during the six-month period and are renewed for the same term and in the same dollar amount (either with or without accrued interest) continue to be separately insured until the first maturity date after the six-month period.

d. If a CD matures during the six-month grace period and is renewed on any other basis, it would be separately insured only until the end of the six-month grace period.

Answer:

Acquiring Bank and Bank Sold merged on July 1, 2010. Before the merger, Michelle Young purchased a $240,000 CD from Acquiring Bank on January 1, 2009. The CD has a four-year term, and it matures on January 1, 2013. She also purchased a $230,000 CD from Bank Sold on October 1, 2009. The CD has a one-year term, and it matures on October 1, 2010. At the time of the merger, Michelle Young has a $240,000 CD from Acquiring Bank and a $230,000 CD from Bank Sold.

Given that the IDIs merged on July 1, 2010, the initial six-month period extended through December 31, 2010.

	2009	2010	2011	2012
Acquiring Bank	**$240,000 CD**			
Bank Sold	**$230,000 CD**			
6-Month Grace Period		**Grace Period**		

By 2010, Michelle Young has a $240,000 CD from Acquiring Bank and a $230,000 CD from Bank Sold.

The IDIs merge on July 1, 2010; the six-month grace period extends to December 31, 2010.

During the grace period, Michelle Young renewed her Bank Sold CD with the same terms so her two CDs continued to be insured separately until her Bank Sold CD matured on October 1, 2011.

As a result, her two deposits totaling $470,000 were fully insured until October 1, 2011.

	2009	2010	2011	2012
Acquiring Bank	**$240,000 CD**			
Bank Sold	**$230,000 CD**		**$230,000 CD**	
6-Month Grace Period		**Grace Period**		
Combined Deposit		**$470,000 CD**		

By 2010, Michelle has a $240,000 CD from Acquiring Bank and a $230,000 CD from Bank Sold. The IDIs merge on July 1, 2010.

The six-month grace period extends to December 31, 2010.

During the grace period, Michelle renewed her Bank Sold CD with the same terms, therefore, her two CDs continued to be insured separately until her Bank Sold CD matured on October 1, 2011.

As a result, her combined deposit of $470,000 is fully insured until October 1, 2011.

However, after October 1, 2011, a combined deposit of $470,000 would exceed the $250,000 insurance limit by $220,000.

Therefore, Michelle must withdraw at least $220,000 to avoid potentially uninsured funds.

	2009	2010	2011	2012
Acquiring Bank		$240,000 CD		
Bank Sold	$230,000 CD	$230,000 CD		($220,000)
6-Month Grace Period		Grace Period		
Combined Deposit		$470,000 CD		$470,000
				$220,000

No six-month grace period for depositors that merge

The grace period does not apply to the deposits of two or more business entities that may merge. It also does not apply to the merger or combination of governmental entities. For example, if two corporations merge, and both entities were depositors in the same IDI, those accounts are not treated separately but are immediately aggregated as of the date that the businesses merge.

DEATH OF AN ACCOUNT OWNER

(12 C.F.R. § 330.3(J))

The death of an account owner can affect insurance coverage. 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 deposit insurance coverage available for 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 (i.e., retitled or replaced to reflect the change in ownership of the deposited funds) by those authorized to do so. The FDIC will not apply the grace period in the rare event that the application of the grace period would cause a reduction in the amount of deposit insurance coverage. Also, there is no grace period upon the death of a beneficiary of a deposit account and, therefore, there may be an immediate reduction of deposit insurance coverage.

Example 26

Facts:

John and Susan Bailey have a jointly held MMDA for $500,000 at Any Bank. Assume the owners meet the requirements for a joint account. At the same IDI, Susan also has a $100,000 CD in her name alone. Susan's husband John dies. What is the deposit insurance coverage for these accounts?

Rule:

a. Upon the death of an accountholder, 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.

b. After the lapse of the six-month grace period, the deposit insurance coverage of the account will depend on the ownership category in which the accounts are now held.

Answer:

While both owners are alive, the joint account is insured for up to $500,000 and Susan's single account is insured separately up to $250,000.

For six months after John's death, the deposit insurance coverage is calculated as if John is alive and both deposits remain fully insured.

The purpose of the six-month rule is to allow the surviving owner the opportunity to restructure a deposit if necessary to ensure that all funds remain fully insured. If the IDI should fail after the six-month grace period expires and assuming Susan has not restructured these accounts, then the total of $600,000 would be treated as Susan's single accounts with $250,000 insured and $350,000 uninsured.

Example 26 – Death of an Account Owner

Account Title	Owners	Deposit Type	Account Balance
John and Susan Bailey	John and Susan Bailey	MMDA	$500,000
Susan Bailey	Susan Bailey	CD	$100,000
Total			**$600,000**

For additional information on the impact on deposit insurance coverage following the death of an owner or a beneficiary, review the examples in the single, joint, and trust account sections of this Employee's Guide.

PASS-THROUGH DEPOSIT INSURANCE COVERAGE (12 C.F.R. § 330.5; 12 C.F.R. § 330.7)

I. Definition

"Pass-through" deposit insurance is a method of insuring depositors whose funds are placed and held at an FDIC-insured bank through a third party. Pass-through insurance is not a separate ownership category or ownership type. Pass-through refers to arrangements through which deposit accounts are established by a third party for the benefit of one or more other parties, also known as principals. The deposit account can be established for the benefit of a single owner or it can be a commingled account where deposits from multiple principals are deposited in the same account.

II. Common Pass-through Arrangements

Common pass-through arrangements include, but are not limited to:

- Parent acting as guardian for a minor child (e.g., "Uniform Transfer to Minors" or (UTMA) or "Uniform Gifts to Minors" (UGMA))
- Lawyer or law firm holding client funds (IOLTA)
- Executors, estate administrators, or other similar roles
- Decedent estate accounts
- Agents, custodians, nominees, trustees (other than trustees of revocable or irrevocable trusts), or fiduciaries
- Companies that offer financial products or services through partnerships or arrangements with FDIC-insured banks
- Brokers who offer brokered CDs
- Companies that place their customers' funds into different banks to help customers maximize their deposit insurance coverage

The third party in these arrangements may be referred to in account agreements and other documents as a fiduciary, custodian, agent, trustee, guardian, or similar term. Some of these terms have specific legal meanings in other contexts, but for purposes of pass-through insurance, the concept is that there is a person or entity depositing funds at an FDIC-insured bank on behalf of the actual owner of the funds.

Accounts with pass-through deposit insurance coverage are not insured as a separate ownership category. The deposit insurance coverage for such accounts depends on the actual ownership category in which the principal or owner holds the funds. For example, ABC Brokerage Firm established a single account for Lisa Johnson at AnyTown Bank.

In this scenario, Lisa Johnson is the owner of the funds and her account would be added with any other single accounts she has at AnyTown Bank and insured as her single account for up to $250,000.

In other words, assuming Lisa has other single accounts at AnyTown Bank, she does not receive separate coverage simply because the brokerage firm opened one of the accounts. However, assuming the requirements discussed below are met, coverage is provided as though the actual owner (Lisa, in this example) directly opened the account at the IDI. Note that if the pass-through insurance requirements are not satisfied, the deposits will be combined with all other deposits in the broker's name, and insured to the broker for up to $250,000.

III. Requirements

The FDIC reviews potential pass-through arrangements at the time the IDI fails to determine if the requirements for pass-through insurance are satisfied. Deposits held by a third party on behalf of one or more principals are insured on a pass-through basis as the deposits of the principal (the actual owner) to the same extent as if the deposits were deposited directly by the principal only if *all* of the following three requirements are met:

1. Funds must be in fact owned by the principal and not by the third party who set up the account (i.e., the fiduciary or custodian who is placing the funds). To confirm the actual ownership of the deposited funds, the FDIC may review:
    a. The agreement between the third party establishing the account and the principal
    b. Applicable state law

2. The IDI's account records must indicate the agency nature of the account (e.g., XYZ Company as Custodian for employees, XYZ for the benefit of (FBO) of customers, Jane Doe UTMA John Smith, Jr.).

   Note that in some instances, an account might be titled in the name of the insured bank itself while reflecting that it is held for benefit of another party (e.g., *AnyTown Bank FBO XYZ Company Customers*).

3. The records of the IDI, third party depositing the funds, or another third party in the usual course of business must indicate both the identities of the principals as well as their ownership interests in the deposit. Note that the third party does not have an ownership interest in the deposit.

If *all* of these requirements are not satisfied, the deposits will be insured to the named account owner (typically the third party), aggregated with any other funds that the third party holds at the same bank in the same deposit insurance category. This could result in uninsured deposits.

The first requirement above will not be satisfied if the third party depositing the funds has entered into a debtor/creditor relationship with the purported owner as opposed to an agent/principal relationship. The creation of a debtor/creditor relationship may occur if the purported agent has changed the terms of the IDI's deposit contract, such as the terms relating to maturity dates or interest rates. For example, if a customer of a deposit broker is promised by the third party that he or she will earn 3% on his or her deposit when the IDI is paying only 2%, the third party would be a debtor with an independent obligation to pay 3%.

In such a scenario, the deposits at the IDI would not be eligible for pass-through coverage to the customers. Rather, the deposits would be treated as corporate deposits belonging to the third party.

The scenario above (in which the third party pays interest in excess of the interest paid by the IDI) should be contrasted with scenarios in which a third party retains the interest (or a portion of the interest) paid by the IDI as the agent's fee. In the latter scenario, pass-through coverage is possible because the agent does not assume independent debt obligations. Of course, the agent should disclose the existence of all such fees to its customers.

IV. Requirements for Multi-Tier Pass-Through Arrangements

Accounts utilizing pass-through insurance may involve multiple levels of relationships. For example, one agent may hold deposits as nominee for another agent who in turn holds the deposits 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 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 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 on behalf of certain persons or entities who may, in turn, be acting in a capacity for others; and

b. Indicate the existence of additional levels of 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 on behalf of others unless the possible existence of such a relationship is revealed at some previous level in the chain.

V. Aggregation of Deposits

Pass-through is not a separate ownership category. As detailed in this section, accounts held by a third party, provided all the requirements are met, are insured based on the actual ownership of the funds. Therefore, deposits held through a pass-through arrangement are added to a depositor's other accounts in the same ownership category at the same IDI.

The manner in which the funds are deposited, whether directly by the actual owner or through a third party, does not affect aggregation. In other words, since accounts involving pass-through arrangements are not a separate ownership category, deposit insurance coverage is determined based on the ownership category in which the funds are held. For example, if a fiduciary, such as a broker, has opened a single account on behalf of Barry Richards in XYZ Bank and Barry Richards directly opens another single account directly with XYZ Bank, both of these deposits are combined and insured for up to $250,000.

VI. Failure to Meet Requirements

If the ownership, disclosure, and recordkeeping requirements discussed in this section are not met, the accounts will be insured as the deposits of the named account holder in either the Single Accounts or Business/Organization Accounts category. These deposits will then be added to any other deposits the third party may hold in the same ownership category at the same IDI, and the total will be insured for up to $250,000.

For more information on how pass-through deposit insurance coverage works, including accounts opened by IDIs when acting in a fiduciary capacity, please review FDIC Financial Institution Letter FIL-29-2010, Guidance on Deposit Placement and Collection Activities. For more information on how the FDIC processes brokered deposits when an IDI fails, please refer to the FDIC's Deposit Broker's Processing Guide.

DEPOSIT INSURANCE COVERAGE RESOURCES

Informational resources on deposit insurance coverage are described below. These resources can be found on the FDIC's website at: www.fdic.gov/deposit. The FDIC provides these resources free of charge to consumers and IDI employees.

Electronic Deposit Insurance Estimator (EDIE)

EDIE is an application that assists IDI employees and consumers in calculating deposit insurance coverage. The calculator is ideal for analyzing actual deposits established or hypothetical examples that depositors or IDI employees may wish to explore for the amount of FDIC deposit insurance coverage that may be available.

Please note that no personally identifiable information is necessary to access EDIE's calculations. After the user enters the account information, EDIE generates a printable report clearly showing the amount of insurance coverage for the user's accounts. EDIE can be used to calculate the insurance coverage of single, certain retirement, joint, trust, government and business accounts.

Depositors and IDI employees may contact the FDIC at 1-877-ASK-FDIC (1-877-275-3342) to discuss their specific situations.

FDIC Deposit Insurance Brochures

- Deposit Insurance at a Glance, available in English, Spanish, Korean, Vietnamese, Tagalog, and Chinese (traditional and simplified), is a brochure that provides basic information on the common ownership categories of insurance coverage, including single accounts, certain retirement accounts, joint accounts, and trust accounts.
- Your Insured Deposits, available in English, Spanish, Korean, Vietnamese, Tagalog, and Chinese (traditional and simplified), explains the eight most common deposit insurance categories. It is especially useful for large depositors, those with unusual deposit insurance requirements, and IDI employees who are assisting depositors with deposit insurance questions.

FOR MORE INFORMATION FROM THE FDIC

Call toll-free at:

1-877-ASK-FDIC (1-877-275-3342)

Hours of operation:

Monday–Friday
8:00 a.m.–6:00 p.m. Eastern Time

Saturday
8:00 a.m.–1:00 p.m. Eastern Time

(Excluding Federal Holidays)

Read more about FDIC insurance online at:

https://www.fdic.gov/resources/deposit-insurance/

Order FDIC deposit insurance products online at:

https://catalog.fdic.gov/

Send questions online to the FDIC Information and Support Center:

This resource allows users with inquires about financial institutions, bank failures, or deposit insurance coverage. The FDIC Information and Support Center can be accessed at:
https://ask.fdic.gov/fdicinformationandsupportcenter/s/?language=en_US

Mail deposit insurance coverage questions to:

FDIC
Attn: Deposit Insurance Unit
550 17th Street NW
Washington, DC 20429-9990

Note: *The FDIC recommends that if you have questions about complex trust account structures, you may wish to call the FDIC at the toll-free number above and ask to speak with a deposit insurance specialist. A deposit insurance subject matter expert can assist the caller in collecting the pertinent information in calculating the amount of deposit insurance coverage that may be available.*