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Michael P. Smith
President

December 1, 2008

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 Seventeenth St., NW
Washington, DC 20429

RE: Revocable Trust Accounts, RIN 3064-AD 33

Sent via e-mail: Comments@FDIC.Gov

Dear Mr. Feldman:

In response to the interim rule with request for comments published in the September 30 Federal Register, the New York Bankers Association is submitting these comments on the deposit insurance regulations governing revocable trust accounts. Our Association supports the interim rule, believing it to be clearer and fairer for trust beneficiaries with funds on deposit than prior interpretations. The New York Bankers Association is comprised of the community, regional and money center commercial banks and thrift institutions doing business in New York State. Our members have over 300,000 employees and more than $9 trillion in assets.

The FDIC interim rule is intended to clarify deposit insurance coverage for revocable trust accounts (commonly called payable-on-death accounts or living trust accounts). The interim rule eliminates the concept of qualifying beneficiaries, so that coverage is based on the naming of virtually any beneficiary. Under the revised rule, coverage for the vast majority of account owners generally is based on the number of beneficiaries named in a depositor's revocable trust account(s). The insurance limit will still be based on $100,000 per named beneficiary (temporarily raised to $250,000 until December 31, 2009). For revocable trust account owners with more than $500,000 ($1,250,000 until 12/31/09) in such accounts naming more than five beneficiaries, the coverage is the greater of either $500,000 ($1.25 million) or the sum of all the named beneficiaries' proportional interest in the trusts, limited to $100,000 ($250,000) per individual beneficiary.

Prior FDIC regulations relied on the concept of "qualifying beneficiary" to determine the amount of deposit insurance coverage available for certain revocable trusts, namely "payable-on-death" (P-O-D) accounts or "Totten Trusts." This concept does not exist with regard to formal revocable trusts or living trusts and limits beneficiaries eligible for deposit insurance in P-O-D accounts to certain close family relatives.

The concept of “qualifying beneficiary” has proven confusing to potential beneficiaries and grantors, resulting, we understand, in thousands of questions to the FDIC about the status of deposit insurance of revocable trust accounts. This interim rule would eliminate the concept of qualifying beneficiary, establishing a clear test for deposit insurance coverage and providing greater leeway to grantors in determining to whom they would leave their P-O-D accounts.

It is always important, we believe, for customers to be able to easily calculate the amount of deposit insurance coverage available on their accounts. In current times of economic uncertainty and financial concern, clarity of deposit insurance coverage is even more important.

For these reasons, the New York Bankers Association supports this interim rule and urges that it be finally adopted.

Sincerely,

Michael P. Smith