



INDEPENDENT COMMUNITY
BANKERS of AMERICA

December 1, 2008

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

CYNTHIA L. BLANKENSHIP
Chairman
R. MICHAEL MENZIES
Chairman-Elect
JAMES D. MACPHEE
Vice Chairman
LARRY W. WINUM
Treasurer
WILLIAM C. ROSACKER
Secretary
TERRY J. JORDE
Immediate Past Chairman

CAMDEN R. FINE
President and CEO

Re: Deposit Insurance Regulations: Revocable Trust Accounts (RIN 3064-AD33)

Dear Mr. Feldman:

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to offer comments in connection with the FDIC's proposal to simplify and modernize its deposit insurance rules for revocable trust accounts. Under the proposed interim rules, the concept of qualifying beneficiaries is eliminated and a trust account owner with up to five different beneficiaries named in all his or her revocable trust accounts at one FDIC-insured institution will be insured up to \$100,000 per beneficiary². Revocable trust account owners with more than \$500,000 and more than five different beneficiaries named in the trust will be insured for the greater of either: \$500,000 or the aggregate amount of all the beneficiaries' interests in the trusts, limited to \$100,000 per beneficiary.

ICBA's Position

ICBA agrees with the FDIC that the proposals will make the coverage rules for revocable trust accounts easier to understand and easier to apply, without decreasing coverage currently available for revocable trust account owners.

Eliminating the concept of "qualifying beneficiaries", for instance, which currently is

¹*The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever-changing marketplace.*

With nearly 5,000 members, representing more than 20,000 locations nationwide and employing nearly 300,000 Americans, ICBA members hold \$1 trillion in assets, \$800 billion in deposits, and \$700 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

² The insured amount is now \$250,000 per beneficiary. However, this letter refers to the old insured amounts to make it consistent with the FDIC's proposal.

defined as the revocable trust account owner's spouse, children, grandchildren, parents and siblings, significantly simplifies the coverage rules. Depositors and bankers no longer need to know who is a qualifying beneficiary and who is not. As explained in the proposal, the changes will obviate the need for FDIC claims agents, upon an institution's failure, to confirm that a beneficiary named in a revocable trust account is a qualifying beneficiary. This should result in quicker deposit insurance determinations on revocable trust accounts at institution failures.

ICBA also agrees that one of the most confusing and complex aspects of determining revocable trust account coverage under the current rules is having to discern and consider unequal beneficial interests in revocable trusts. Since according to the FDIC, the vast majority of revocable trust account owners have less than \$500,000 in revocable trust accounts at one FDIC-insured institution, the new rules will simplify the coverage limits. Under the new rules, coverage for account owner's revocable trust accounts with less than \$500,000 will be determined simply by multiplying the number of different beneficiaries named in the trust by \$100,000.

In conclusion, since eliminating the concept of qualifying beneficiaries and disregarding unequal interests in a trust for accounts with five or fewer beneficiaries simplifies the current coverage rules without decreasing the current coverage for trust accounts, ICBA supports the proposed interim rule.

ICBA appreciates the opportunity to offer comments in connection with the FDIC's proposal to simplify and modernize its deposit insurance rules for revocable trust accounts. If you have any questions about our letter, please do not hesitate to contact me at 202-659-8111 or Chris.Cole@icba.org.

Sincerely,

/s/ Christopher Cole

Vice President and Senior
Regulatory Counsel