UPDATED APRIL 1, 2024

YOUR INSURED DEPOSITS

FDIC

FEDERAL DEPOSIT INSURANCE CORPORATION

IMPORTANT INFORMATION ABOUT THIS BROCHURE

Your Insured Deposits describes Federal Deposit Insurance Corporation (FDIC) deposit insurance coverage for the most common accounts offered to consumers. Additional information about deposit insurance is available on the FDIC public website, www.fdic.gov, including Deposit Insurance at a Glance. If you have questions about your coverage, you can call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342). In addition, the FDIC Electronic Deposit Insurance Estimator (EDIE) is a simple tool that can help you calculate your deposit insurance coverage. It is available at https://edie.fdic.gov.

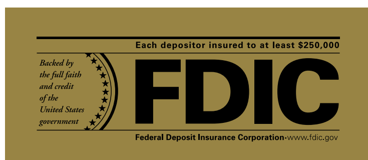
Depositors should know that federal law expressly limits the amount of insurance the FDIC can pay to depositors when an insured bank fails, and no representation made by any person or organization can either increase or modify that amount.

Please Note: This brochure is not intended as a legal interpretation of the FDIC laws and regulations, nor is it intended to provide estate planning advice. Depositors seeking such assistance should contact a financial or legal advisor.

The information in this brochure is based on the FDIC laws and regulations in effect at publication. These rules can be amended and, therefore, some of the information in this brochure may become outdated. The online version of this brochure, available on the FDIC website at https://www.fdic.gov/resources/deposit-insurance/brochures/insured-deposits/index.html, will be updated immediately, if rule changes affecting FDIC insurance coverage are made.

For simplicity, this brochure uses the term "insured bank" to mean any bank or savings association that is insured by the FDIC. To check whether the FDIC insures a specific bank or savings association:

- Call the FDIC toll-free: 1-877-ASK-FDIC (1-877-275-3342)
- Use FDIC "BankFind" at: https://banks.data.fdic.gov/bankfind-suite/bankfind
- Look for the FDIC official sign where deposits are received



- Beginning January 1, 2025, 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*

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See back cover for more resources available from the FDIC.

WHAT IS THE FDIC?

The FDIC—short for the Federal Deposit Insurance Corporation—is an independent agency of the United States government. The FDIC protects depositors of insured banks located in the United States against the loss of their deposits, if an insured bank fails.

Any person or entity can have FDIC insurance coverage in an insured bank. A person does not have to be a U.S. citizen or resident to have his or her deposits insured by the FDIC.

FDIC insurance is backed by the full faith and credit of the United States government. Since the FDIC began operations in 1934, no depositor has ever lost a penny of FDIC-insured deposits.

FDIC INSURANCE COVERAGE BASICS

FDIC insurance covers depositor accounts at each insured bank, dollar-for-dollar, including principal and any accrued interest through the date of the insured bank's closing, up to the insurance limit.

FDIC insurance covers deposits received at an insured bank, but does not cover investments, even if they were purchased at an insured bank.

The FDIC insures:

- Checking Accounts
- Negotiable Order of Withdrawal (NOW) Accounts
- Savings Accounts
- Money Market Deposit Accounts (MMDAs)
- Time Deposits, such as Certificates of Deposit (CDs)
- Cashier's Checks, Money Orders, and other official items issued by a bank

The FDIC does not insure:

- Stock Investments
- Bond Investments
- Mutual Funds
- Crypto Assets
- Life Insurance Policies
- Annuities

- Municipal Securities
- Safe Deposit Boxes, or their contents
- U.S. Treasury Bills, Bonds, or Notes*

** These investments are not insured by the FDIC, but they are backed by the full faith and credit of the U.S. government.*

The standard maximum deposit insurance amount is $250,000 per depositor, per insured bank, for each account ownership category.

The FDIC insures deposits that a person holds in one insured bank separately from any deposits that the person owns in another separately chartered insured bank. For example, if a person has a certificate of deposit at Bank A and has a certificate of deposit at Bank B, the accounts would each be insured separately up to $250,000. Funds deposited in separate branches of the same insured bank are not separately insured.

The FDIC provides separate insurance coverage for funds depositors may have in different categories of legal ownership. The FDIC refers to these different categories as "ownership categories." This means that a bank customer who has multiple accounts may qualify for more than $250,000 in insurance coverage, if the customer's funds are deposited in different ownership categories and the requirements for each ownership category are met.

OWNERSHIP CATEGORIES

This section describes the following FDIC ownership categories and the requirements a depositor must meet to qualify for insurance coverage above $250,000 at one insured bank.

- Single Accounts
- Certain Retirement Accounts
- Joint Accounts
- Trust Accounts
- Employee Benefit Plan Accounts
- Corporation/Partnership/Unincorporated Association Accounts
- Government Accounts

SINGLE ACCOUNTS

A Single Account is a deposit owned by one person with no beneficiaries. This ownership category includes:

- An account held in one person's name only, with no beneficiaries
- An account established for one person by an agent, nominee, guardian, custodian, or conservator, including Uniform Transfers to Minors Act Accounts, Escrow Accounts, and Brokered Deposit Accounts (See page 22 for a discussion on pass-through accounts.)
- An account held in the name of a business that is a sole proprietorship (e.g., a "Doing Business As" [or DBA] account)
- An account established for or representing a deceased person's funds — commonly known as a Decedent's Estate Account
- An account that fails to qualify for separate coverage under another ownership category

If an account title identifies only one owner, but another person has the right to withdraw funds from the account (e.g., as Power of Attorney or Custodian), the FDIC will insure the account as a Single Account.

The FDIC adds together the balances in all Single Accounts owned by the same person at the same bank and insures the total up to $250,000.

Note on Beneficiaries

If the owner of a Single Account has designated one or more beneficiaries who will receive the deposit when the account owner dies, the account would be insured as a Trust Account.

EXAMPLE 1: Single Account

Account Title	Deposit Type	Account Balance
Marci Jones	MMDA	$15,000
Marci Jones	Savings	$20,000
Marci Jones	CD	$200,000
Marci's Memories (A Sole Proprietorship)	Checking	$25,000
Total		$260,000
Amount Insured		$250,000
Amount Uninsured		$10,000

Explanation

Marci Jones has four Single Accounts at the same insured bank, including one account in the name of her sole proprietorship. The FDIC insures deposits owned by a sole proprietorship as a Single Account of the business owner. The FDIC combines the four accounts, which equal $260,000, and insures the total balance up to $250,000, leaving $10,000 uninsured.

CERTAIN RETIREMENT ACCOUNTS

Deposits in a retirement account are insured under the Certain Retirement Accounts ownership category only if the account qualifies as one of the following:

- Individual Retirement Account (IRA):
  - » Traditional IRA
  - » Roth IRA
  - » Simplified Employee Pension (SEP) IRA
  - » Savings Incentive Match Plans for Employees (SIMPLE) IRA
- Self-directed defined contribution plan account:
  - » Self-directed 401(k) plan
  - » Self-directed SIMPLE IRA held in the form of a 401(k) plan
  - » Self-directed defined contribution profit-sharing plan
- Self-directed Keogh plan account (or H.R.10 plan account) designed for self-employed individuals
- Section 457 deferred compensation plan account, such as an eligible deferred compensation plan provided by state and local governments, regardless of whether the plan is self-directed

The FDIC adds together all deposits in retirement accounts listed above owned by the same person at the same insured bank and insures the total amount up to a maximum of $250,000. Beneficiaries can be named on these accounts, but that does not increase the amount of the deposit insurance coverage.

“Self-directed” means that plan participants have the right to direct how the money is invested, including the ability to direct that deposits be placed at an FDIC-insured bank.

The FDIC considers an account to be self-directed, if a retirement plan participant has the right to choose a particular bank's deposit accounts as an option. For example:

- If a plan has deposit accounts at a particular insured bank as its default option, then the FDIC would deem the plan to be self-directed for insurance coverage purposes because, by inaction, the participant has directed the placement of such deposits.
- If a plan consists only of a single employer/employee, and the employer establishes the plan with a single option of deposit accounts at a particular insured bank, then the plan would be considered self-directed for insurance coverage purposes.

The following types of deposits do not qualify as Certain Retirement Accounts:

- A plan for which the only investment vehicle is the deposit accounts of a particular bank, so that participants have no choice of investments.
- Deposit accounts established under Section 403(b) of the Internal Revenue Code (annuity contracts for certain employees of public schools, tax-exempt organizations, and ministers), which are insured as Employee Benefit Plan accounts.
- Defined benefit plan deposits (plans for which the benefits are determined by an employee's compensation, years of service, and age), which are insured as Employee Benefit Plan accounts.
- Defined contribution plans that are not self-directed, which are insured as Employee Benefit Plan Accounts.

EXAMPLE 2: Certain Retirement Accounts

Account Title	Account Balance
Bob Johnson's Roth IRA	$180,000
Bob Johnson's Traditional IRA	$75,000
Total	$255,000
Amount Insured	$250,000
Amount Uninsured	$5,000

Explanation

Bob Johnson has two different types of retirement accounts that qualify as Certain Retirement Accounts at the same insured bank. The FDIC adds together the deposits in both accounts, which equal $255,000. The FDIC insures the total balance of Bob's deposits in these certain retirement accounts up to $250,000, which leaves $5,000 of his deposits uninsured.

JOINT ACCOUNTS

A Joint Account is a deposit owned by two or more people with no beneficiaries. FDIC insurance covers joint accounts owned in any manner conforming to applicable state law, such as joint tenants with right of survivorship, tenants by the entirety, and tenants in common.

To qualify for insurance coverage under this ownership category, all of the following requirements must be met:

1. All co-owners must be living people. Legal entities such as corporations, trusts, estates, or partnerships are not eligible for joint account coverage.
2. All co-owners must have equal rights to withdraw deposits from the account. For example, if one co-owner can withdraw deposits on his or her signature alone, but the other co-owner can withdraw deposits only with the signature of both co-owners, the co-owners would not have equal withdrawal rights.
3. All co-owners have personally signed, which may include signing electronically, a deposit account signature card, or alternatively, the insured bank has information in its deposit account records establishing co-ownership of the account. This requirement does not apply to CDs or accounts established by an agent, nominee, guardian, custodian, executor, or conservator.

If all of these requirements are met, each co-owner's shares of every joint account that he or she owns at the same insured bank are added together and the total is insured up to $250,000.

The FDIC assumes that all co-owners' shares are equal unless the deposit account records state otherwise.

The balance of a Joint Account can exceed $250,000 and still be fully insured. For example, if the same two co-owners jointly own both a $350,000 CD and a $150,000 savings account at the same insured bank, the two accounts would be added together and insured up to $500,000, providing up to $250,000 in insurance coverage for each co-owner. This example assumes that the two co-owners have no other joint accounts at the bank (either together or with any other individuals).

Insurance coverage of joint accounts is not increased by rearranging the owners' names or Social Security numbers, or changing the styling of their names.

Note on Beneficiaries

If the co-owners of a jointly held account have designated one or more beneficiaries who will receive the deposit when the co-owners die, the account would be insured as a Trust Account.

EXAMPLE 3: Joint Account

Account Title	Deposit Type	Account Balance	Share per Owner
Mary and John Smith	MMDA	$230,000	$115,000
Mary or John Smith	Savings	$250,000	$125,000
Mary or John or Robert Smith	CD	$270,000	$90,000
Total		**$750,000**	

Insurance Coverage for Each Owner is Calculated as Follows:

Owners	Total of all Ownership Shares	Amount Insured	Amount Uninsured
Mary	$330,000	$250,000	$80,000
John	$330,000	$250,000	$80,000
Robert	$90,000	$90,000	$0
Total	$750,000	$590,000	$160,000

Alternating the use of "or," "and," or "and/or" to separate the names of co-owners in a joint account title, also does not affect the amount of insurance coverage provided.

Explanation

- The total amount in each joint account is divided by the number of co-owners
- Mary's ownership share in all joint accounts equals ½ of the MMDA account ($115,000), ½ of the savings account ($125,000), and ⅓ of the CD ($90,000), for a total of $330,000. Since her coverage in the joint account ownership category is limited to $250,000, $80,000 is uninsured
- John's ownership share in all joint accounts is the same as Mary's, so $80,000 of John's deposits is uninsured
- Robert's ownership share in all joint accounts equals ⅓ of the CD ($90,000), so his share is fully insured

TRUST ACCOUNTS

Trust Accounts are deposits held by one or more owners under either an informal revocable trust (e.g., Payable on Death (POD) and In Trust For (ITF) accounts), a formal revocable trust, or an irrevocable trust that names beneficiaries. Other non-testamentary trust arrangements (e.g., Interest on Lawyers' Trust Accounts [IOLTAs]) are addressed in the Pass-through Insurance section of this brochure.

IMPORTANT: As of April 1, 2024, the maximum insurance coverage for a trust owner with five or more beneficiaries is $1,250,000 per owner. This coverage change applies to both existing and new trust accounts, including CDs (regardless of maturity date). Depositors can name as many beneficiaries as they wish, however the coverage limit will not exceed $1,250,000 as of April 1, 2024, regardless of the maturity date or the date the CD was purchased.

For Trust Accounts, the term "owner" also means the grantor, settlor, or trustor of the trust. If a trust has more than one owner, each owner's insurance coverage is calculated separately.

Trust Accounts include:

- **Informal Revocable Trusts** – often called payable on death, Totten trust, in trust for, or as trustee for accounts – are created when the account owner signs a deposit account agreement, directing the bank to transfer the funds in the account to one or more named beneficiaries upon the owner's death.

- **Formal Revocable Trusts** – known as living or family trusts – are written trusts created for estate planning purposes. The owner controls the deposits and other assets in the trust during his or her lifetime. The agreement establishes that the deposits are to be paid to one or more identified beneficiaries upon the owner's death. These trusts typically become irrevocable upon the owner's death.
- **Irrevocable Trusts** are deposit accounts held in connection with a trust established by statute or 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. Deposit insurance coverage for irrevocable trust deposits is calculated in the same manner as revocable trust deposits. The rules no longer consider contingencies or the grantor's retained interest.

Coverage and Requirements for Trust Accounts

In general, each owner of a Trust Account(s) is insured up to $250,000 per unique (different) eligible beneficiary, up to a maximum of $1,250,000 for five or more beneficiaries. A trust (either revocable or irrevocable) must meet all of the following requirements to be insured under the Trust Account category.

1. **Title Indicates Trust Relationship (for formal trusts only)**. For formal trust accounts, including revocable and irrevocable trusts, the account title at the bank must indicate that the account is held pursuant to a trust relationship. This requirement can be met by using the terms such as living trust, family trust, irrevocable trust, or any similar language, including simply having the word "trust" in the account title. The account title includes information contained in the bank's electronic deposit account records.

For informal revocable trusts (e.g., POD accounts), the account title may include POD/ITF or similar language, but it is no longer required.

2. **Beneficiaries Identified**. For informal revocable trusts, the beneficiaries must be named in the deposit account records of the bank. For formal trust accounts, both revocable and irrevocable,

beneficiaries must be identified in the formal trust document. For a formal trust agreement, it is acceptable for the trust to use language such as "my issue" or other commonly used legal terms to describe the designated beneficiaries, provided the specific names and number of eligible beneficiaries can be determined. The FDIC does not limit the number of beneficiaries a depositor may identify on a trust at a depository institution for trust accounts even if there are more than five beneficiaries. However, coverage is limited to $250,000 per beneficiary up to a maximum of $1,250,000 as described below.

3. **Beneficiary Eligibility**. To qualify as an eligible beneficiary, for purposes of deposit insurance coverage, a beneficiary must be a living person, a charity, or a non-profit organization. If a charity or non-profit organization is named as a beneficiary, it must qualify as such under Internal Revenue Service (IRS) regulations. Please note if a single owner names the same beneficiary on multiple trust accounts at the same bank, that beneficiary only counts once when determining coverage.

Trust Deposit Insurance Coverage

A trust owner's trust deposits are insured for $250,000 for each eligible beneficiary, up to a maximum of $1,250,000 if five or more eligible beneficiaries are named. This limit applies to the combined interests of all beneficiaries the owner has named in revocable and irrevocable trust accounts at the same bank.

If a trust has more than one owner, each owner's insurance coverage is calculated separately. Deposit insurance coverage for each trust owner is determined by multiplying $250,000 times the number of eligible beneficiaries, regardless of the dollar amount or percentage allotted to each beneficiary, with an overall maximum insurance amount of $1,250,000 for five or more beneficiaries.

A trust owner can identify as many beneficiaries as they like; however, for deposit insurance purposes, a trust account owner that identifies five or more eligible beneficiaries will not be insured beyond $1,250,000 per bank. In calculating coverage, a beneficiary only counts once per owner, even if the same beneficiary is included multiple times on trust accounts at the same bank.

Maximum Insurance Coverage per Trust Owner

Number of Unique 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

When calculating coverage for Trust Accounts, the FDIC uses the formula:
# of Owners x # of Beneficiaries x $250,000 = Amount Insured (not to exceed $1,250,000 per owner for all trust accounts)

EXAMPLE 4: Multiple Trust Accounts, five or more beneficiaries

Account Title	Owner	Beneficiaries	Deposit Type	Account Balance
John Jones (Living Trust)	John	Jack, Janet, Ron, Sue, Bob	MMDA	$10,000
John Jones (POD)	John	Jack, Janet	Savings	$20,000
John Jones (Irrevocable Charitable Trust)	John	IRS-recognized charity	CD	$1,250,000
Total				**$1,280,000**
Amount Insured				**$1,250,000**
Amount Uninsured				**$30,000**

Explanation

John Jones has three trust accounts – one formal revocable trust, one informal revocable trust, and one irrevocable trust at the same insured bank. Between these three trust accounts, John has named six eligible beneficiaries (five different people and a charity). Even though six beneficiaries are named, the maximum insurance coverage is calculated as follows: 1 owner x 5 beneficiaries x $250,000 = $1,250,000. John Jones has $30,000 uninsured because his total balance is $1,280,000, which exceeds the insurance limit by $30,000.

FDIC regulations do not limit the number of beneficiaries that a trust owner identifies for their estate planning purposes. (In this example, John Jones identified six.) However, when calculating

insurance coverage, a trust owner's per-bank insurance limit for trust accounts is maximized when they identify five eligible beneficiaries.

EXAMPLE 5: Multiple Trust Accounts, fewer than five beneficiaries

Account Number	Account Owner(s)	Account Beneficiaries	Account Balance
1	Paul & Lisa Li (Living Trust)	John & Sharon Li	$700,000
2	Lisa Li (POD)	Sharon & Bill Li	$450,000

Owners	Beneficiaries	Share	Insured	Uninsured
Paul	John, Sharon	$350,000	$350,000	$0
Lisa	John, Sharon, Bill	$ 800,000	$750,000	$50,000
Total		**$1,150,000**	**$1,100,000**	**$50,000**

Explanation

Each owner's share of each trust account is added together and each owner receives up to $250,000 of insurance coverage per eligible beneficiary.

- Paul's share: $350,000 (50% of Account 1)
- Lisa's share: $800,000 (50% of Account 1 and 100% of Account 2)

Because Paul named two eligible beneficiaries, his maximum insurance coverage is $500,000 ($250,000 x 2 beneficiaries). Since his share of Account 1 ($350,000) is less than $500,000, he is fully insured.

Because Lisa has named three eligible beneficiaries between Accounts 1 and 2, her maximum insurance coverage is $750,000 ($250,000 x 3 beneficiaries). Since her share of both accounts ($800,000) exceeds $750,000, she is uninsured for $50,000.

If you have a more complex trust structure, please contact the FDIC at 1-877-275-3342.

Life Estate Beneficiaries

An owner who identifies a beneficiary as having a life estate interest in a formal revocable trust is entitled to insurance coverage up to $250,000 for that beneficiary. A life estate beneficiary is a beneficiary who has the right to receive income from the trust or to use trust deposits during the beneficiary's lifetime, where other beneficiaries receive the remaining trust deposits after the life estate beneficiary dies.

For example, a husband is the sole owner of a living trust that gives his wife a life estate interest in the trust deposits, with the remainder going to their two children upon his wife's death. Maximum insurance coverage for this account is calculated as follows: 1 owner x $250,000 x 3 different beneficiaries = $750,000.

EMPLOYEE BENEFIT PLAN ACCOUNTS

An Employee Benefit Plan Account is a deposit of a pension plan, defined benefit plan, or other employee benefit plan that is not self-directed. An account insured under this category must meet the definition of an employee benefit plan in Section 3(3) of the Employee Retirement Income Security Act (ERISA) of 1974, with the exception of plans that qualify under the Certain Retirement Account ownership category. The FDIC does not insure the plan itself, but insures the deposit accounts owned by the plan.

Additional requirements for coverage:

- The investment and management decisions relating to the account must be controlled by a plan administrator (not self-directed by the participant).
- The plan administrator must maintain documentation supporting the plan and the beneficial interests of the participants.
- The account must be properly titled as an employee benefit plan account with the bank.

When all of these requirements are met, the FDIC will insure each participant's interest in the plan up to $250,000, separately from any accounts the employer or employee may have in the same FDIC-insured institution. The FDIC often refers to this coverage as "pass-through coverage," because

the insurance coverage passes through the employer (agent) that established the account to the employee who is considered the owner of the funds.

Even when plans qualify for pass-through coverage, insurance coverage cannot be determined simply by multiplying the number of participants by $250,000 because plan participants frequently have different interests in the plan.

To determine the maximum amount a plan can have on deposit in a single bank and remain fully insured, the plan administrator must first identify the participant who has the largest share of the plan assets, and calculate the participant's share as a percentage of overall plan assets. Then, the plan administrator must divide $250,000 by that percentage to arrive at the maximum fully insured amount that a plan can have on deposit at one bank.

EXAMPLE 6: Employee Benefit Plan That Qualifies for Pass-Through Coverage

Happy Pet Vet Clinic has a profit-sharing plan for its employees

Account	Balance
Happy Pet Vet Clinic Benefit Plan	$700,000

Plan Participants	Plan Share	Share of Deposits	Amount Insured	Amount Uninsured
Dr. Todd	35%	$245,000	$245,000	$0
Dr. Jones	30%	$210,000	$210,000	$0
Tech Evans	20%	$140,000	$140,000	$0
Tech Barnes	15%	$105,000	$105,000	$0
Plan Total	**100%**	**$700,000**	**$700,000**	**$0**

Explanation

This employee benefit plan's $700,000 deposit is fully insured. Dr. Todd's share of the $700,000 deposit (35% of $700,000 = $245,000) is less than $250,000. All of the other participants' shares of the deposit are also less than $250,000. Therefore, the entire deposit is insured.

To determine the maximum amount this employee benefit plan can deposit at one bank and ensure all of the funds are fully covered, divide $250,000 by the percentage share of the plan participant with the largest interest in the plan. In this example,

the maximum fully insured balance for this plan is $714,285. This amount is calculated as follows: $250,000 divided by 35% (or 0.35) = $714,285.

Plan participants who want to know more about how an employee benefit plan's deposits are insured should consult with the plan administrator.

Health and Welfare Plans

Employee benefit plan deposits that do not qualify for pass-through coverage, such as health and welfare plans, are insured up to $250,000 per bank. Health and welfare plans usually do not qualify for pass-through coverage because the interests of the participants are not ascertainable. A participant will receive payments from the plan based on claims he or she files independent of any specific ownership interest in the plan.

CORPORATION/PARTNERSHIP/ UNINCORPORATED ASSOCIATION ACCOUNTS

Deposits owned by corporations, partnerships, and unincorporated associations, including for-profit and not-for-profit organizations, as well as "Subchapter S," "Limited Liability (LLC)," and "Professional (PC)" Corporations are insured under the same ownership category. Such deposits are insured separately from the personal deposits of the organization's owners, stockholders, partners, or members.

Unincorporated associations typically insured under this category include churches and other religious organizations, community and civic organizations, and social clubs.

To qualify for insurance coverage under this ownership category, a corporation, partnership, or unincorporated association must be engaged in an "independent activity," meaning that the entity is operated primarily for some purpose other than to increase deposit insurance coverage.

All deposits owned by a corporation, partnership, or unincorporated association at the same bank are combined and insured up to $250,000.

Accounts owned by the same corporation, partnership, or unincorporated association, but designated for different purposes, are not separately insured.

For example, if a corporation has both an operating account and a reserve account at the same bank, the FDIC would add both accounts together and insure the deposits up to $250,000. Similarly, if a corporation has divisions or units that are not separately incorporated, the FDIC would combine the deposit accounts of those divisions or units with any other deposit accounts of the corporation at the bank and the total would be insured up to $250,000.

The number of partners, members, stockholders, or account signatories established by a corporation, partnership, or unincorporated association does not affect insurance coverage.

For example, the FDIC insures deposits owned by a homeowners' association at one insured bank up to $250,000 in total, not $250,000 for each member of the association.

Sole Proprietorship

Accounts held in the name of a sole proprietorship are not insured under this ownership category. Rather, they are insured as the Single Account deposits of the owner, added to the owner's other Single Accounts, if any, at the same bank and the total insured up to $250,000.

GOVERNMENT ACCOUNTS

The category known as Government Accounts (also called Public Unit accounts) includes deposit accounts owned by:

- The United States, including federal agencies
- Any state, county, municipality (or a political subdivision of any state, county or municipality), the District of Columbia, Puerto Rico and other government possessions and territories
- A Native American tribe

Insurance coverage of a Government Account is unique in that the insurance coverage extends to the official custodian of the deposits belonging to the government or public unit, rather than to the government unit itself.

Accounts held by an official custodian of a government unit will be insured as follows:

In-state accounts:

- Up to $250,000 for the combined amount of all time and savings accounts (**including NOW accounts**)
- Up to $250,000 for the combined amount of all interest-bearing and noninterest-bearing demand deposit accounts (since July 21, 2011, banks have been allowed to pay interest on demand deposit accounts)

Out-of-state accounts:

- Up to $250,000 for the combined amount of all deposit accounts

Negotiable Order of Withdrawal (NOW) account
A Negotiable Order of Withdrawal (NOW) account is a savings deposit – not a demand deposit account.

To learn more about deposit insurance coverage for Government Accounts, see the FDIC's Fact Sheet – Deposit Insurance for Accounts Held by Government Depositors at:

https://www.fdic.gov/resources/deposit-insurance/accounts-government-depositors/index.html.

PUTTING IT ALL TOGETHER: USING MULTIPLE OWNERSHIP CATEGORIES

The FDIC provides separate insurance coverage for a depositor's funds at the same insured bank, if the deposits are held in different ownership categories. To qualify for this expanded coverage, the requirements for insurance coverage in each ownership category must be met.

The example below illustrates how a husband and wife with three children could qualify for up to $3,500,000 in FDIC coverage at one insured bank. This example assumes that the funds are held in qualified deposit products at an insured bank and these are the only accounts that the family has at the bank.

Note: This example is intended solely to describe the use of different account ownership categories and not to provide estate planning advice.

EXAMPLE 7: Insurance Coverage for a Husband and Wife with Deposit Accounts in Multiple Ownership Categories

Title	Account Ownership Category	Owner(s)	Beneficiaries	Maximum Insurable Amount
Husband	Single Account	Husband		$250,000
Wife	Single Account	Wife		$250,000
Husband & Wife	Joint Account	Husband & Wife		$500,000
Husband POD	Trust Account	Husband	Wife	$250,000
Wife POD	Trust Account	Wife	Husband	$250,000
Husband & Wife Formal Revocable Trust	Trust Account	Husband & Wife	Child 1, 2, 3	$1,500,000
Husband IRA	Certain Retirement Account	Husband		$250,000
Wife IRA	Certain Retirement Account	Wife		$250,000
Total				**$3,500,000**

Explanation

Single Account Ownership Category

The FDIC combines all single accounts owned by the same person at the same bank and insures the total up to $250,000. The Husband's single account deposits do not exceed $250,000 so his funds are fully insured. The same facts apply to the Wife's single account deposits. Both accounts are fully insured.

Joint Account Ownership Category

Husband and Wife have one joint account at the bank. The FDIC combines each co-owner's shares of all joint accounts at the bank and insures each co-owner's total up to $250,000. The Husband's ownership share in all joint accounts at the bank equals ½ of the joint account (or $250,000), so his share is fully insured. The Wife's ownership share in all joint accounts at the bank equals ½ of the joint account (or $250,000), so her share is fully insured.

Trust Accounts Ownership Category

To determine insurance coverage for trust accounts, the FDIC first determines the amount of the trust's deposits belonging to each owner. In this example:

- Husband's share = $1,000,000 (100% of the Husband's POD account naming Wife as beneficiary and 50% of the Husband and Wife Living Trust account identifying Child 1, Child 2, and Child 3 as beneficiaries)
- Wife's share = $1,000,000 (100% of the Wife's POD account naming Husband as beneficiary and 50% of the Husband and Wife Living Trust account identifying Child 1, Child 2, and Child 3 as beneficiaries)

Second, the FDIC determines the number of beneficiaries for each owner. In this example, each owner has four unique beneficiaries (Spouse, Child 1, Child 2, and Child 3). When a trust owner names five or fewer unique beneficiaries, the owner is insured up to $250,000 for each unique beneficiary. The Husband's share of the revocable trust deposits is insured up to $1,000,000 ($250,000 x 4 beneficiaries = $1,000,000). The Wife's share of the revocable trust deposits is insured up to $1,000,000 ($250,000 x 4 beneficiaries = $1,000,000).

All three trust accounts are fully insured.

Certain Retirement Accounts Ownership Category

The FDIC adds together all Certain Retirement Accounts owned by the same person at the same bank and insures the total up to $250,000. The Husband and Wife each have an IRA deposit at the bank with a balance of $250,000. Because each account is within the insurance limit, the funds are fully insured.

UNIQUE OWNERSHIP SCENARIOS

Pass-Through Deposit Insurance Coverage

"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. Third parties in pass-through arrangements may include, but are not limited to:

- Parent acting as guardian for a minor child
- Lawyer or law firm holding client funds (IOLTA)
- Executors, estate administrators, or other similar roles
- 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

If the following requirements are satisfied, the deposited funds would be insured to the same extent as if deposited at the bank in the name of the underlying owner(s):

1. A relationship providing a basis for pass-through coverage is expressly disclosed in the bank's deposit account records. This is often accomplished through account titling indicating that a deposit account is held, for example, as agent or for the benefit of others.
2. The identity and ownership interest of each owner is ascertainable from the bank's deposit account records or records maintained by the third party (or another person or entity that has agreed to maintain records on its behalf).
3. The underlying owners, rather than the third party that maintains the account at the insured bank, actually own the funds.

The FDIC determines whether these requirements are satisfied at the time of an insured bank's failure.

Deposits insured on a pass-through basis are added to any other deposits that the owner holds in the same ownership category at the same bank for purposes of the deposit insurance limit. For example, if a broker purchases a CD for a single owner at an insured bank, and that person maintains a separate checking account in the Single Account category at the same bank, the two balances would be added together and insured for up to $250,000 in the Single Account category.

Health Savings Accounts

What is a Health Savings Account?
A Health Savings Account (HSA) is an IRS qualified tax-exempt trust or custodial deposit that is established with a qualified HSA trustee, such as an FDIC-insured bank, to pay or reimburse a depositor for certain medical expenses.

How does the FDIC insure an HSA?
An HSA, like any other deposit, is insured based on who owns the funds and whether beneficiaries have been named. If a depositor opens an HSA and names beneficiaries either in the HSA agreement or in the bank's records, the FDIC would insure the deposit under the Trust Account category. If a depositor opens an HSA and does not name any beneficiaries, the FDIC would insure the deposit under the Single Account category. For an HSA established by an employer for employees, the FDIC would insure the HSA as an Employee Benefit Plan Account.

How should an HSA be titled?
The identification of a deposit as an HSA, such as "John Smith's HSA," is sufficient for titling the deposit to be eligible for Single Account or Trust Account coverage, depending on whether eligible beneficiaries are named.

Mortgaging Servicing Accounts

What is a Mortgage Servicing Account?
Mortgage Servicing Accounts are accounts maintained by a mortgage servicer, in a custodial or other fiduciary capacity, which are composed of payments by mortgagors (borrowers) of principal and interest (P&I).

How does the FDIC insure Mortgage Servicing Accounts?

The account is insured to the mortgage investors for the cumulative balance paid into the account by borrowers, or in order to satisfy borrowers' principal or interest obligations to the lender, up to $250,000 per mortgagor. The calculation of coverage for each P&I account is separate if the mortgage servicer or mortgage investor has established multiple P&I accounts in the same bank.

For example, a mortgage servicer collects from 1,000 different borrowers their monthly mortgage payments of $2,000 (P&I) and places the funds into a mortgage servicing account. The $2,000,000 aggregate balance in the mortgage servicing account is fully insured to the lender because each borrower's payment of $2,000 (P&I) is insured separately for up to $250,000.

Although mortgage servicers often collect tax and insurance (T&I) payments, these accounts are separately maintained and not considered mortgage servicing accounts for deposit insurance purposes. The T&I deposits belong to the borrower's pending payment of their real estate taxes and/or property insurance premium to the taxing authority or insurance company. The T&I deposits are insured on a "pass-through" basis to the borrowers.

FREQUENTLY ASKED QUESTIONS

Bank Changes

What happens to my deposits if my bank fails? In the unlikely event of a bank failure, the FDIC acts quickly to protect insured deposits by arranging a sale to a healthy bank, or by paying depositors directly for their deposit accounts up to the insured limit.

If the FDIC finds a bank to acquire the failed bank, it will try to arrange a Purchase and Assumption Transaction, under which a healthy bank acquires the insured deposits of the failed bank. Insured depositors of the failed bank immediately become depositors of the acquiring bank and have access to their insured funds. The acquiring bank may also purchase loans and other assets of the failed bank.

It is important for account owners to note that their deposit contract was with the failed bank and is considered void upon the failure of the bank. The acquiring institution has no obligation to maintain either the failed bank's rates or terms of the account agreement. Depositors of a failed bank, however, do have the option of either setting up a new account with the acquiring institution or withdrawing some or all of their funds without penalty.

- If the FDIC cannot find a bank to acquire the failed bank’s deposits, the FDIC will pay the depositors directly by check up to the insured balance in each account. Such payments usually begin within a few days after the bank's closing.

What happens to my insurance coverage, if I have deposits at two insured banks that merge? When two or more insured banks merge, deposits from the assumed bank are separately insured from deposits at the assuming 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.

CDs from the assumed bank are separately insured until the earliest maturity date after the end of the six-month grace period. CDs that mature during the six-month grace 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 grace period. 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.

Note that in situations of a bank failure where a depositor already has deposits at the acquiring bank, the six-month grace period described would also apply to their deposits.

Death of Account Owners and Beneficiaries

What happens to insurance coverage after an account owner dies?
The FDIC insures a deceased person's accounts as if the person were still alive for six months after the death of the account holder. During this grace period, the insurance coverage of the owner's accounts will not change unless the accounts are restructured by those authorized to do so. Also, the FDIC will not apply this grace period if it would result in less coverage.

How does the death of a beneficiary of an informal revocable trust (e.g., POD account) affect insurance coverage?
There is no grace period if the beneficiary of a POD account dies. In most cases, insurance coverage for the deposits would be reduced immediately.

For example, a mother deposits $500,000 in a POD account at an insured bank with her two children named as the beneficiaries in the account records of the bank. While the owner and both beneficiaries are alive, the account is insured up to $500,000 ($250,000 x 2 beneficiaries = $500,000). If one beneficiary dies, insurance coverage for the mother's POD account is immediately reduced to $250,000 ($250,000 x 1 beneficiary = $250,000).

How does the death of a beneficiary of a formal revocable trust affect the insurance coverage?
Like informal revocable trusts, the six-month grace period does not apply to the death of a beneficiary named in a formal revocable trust account. However, the terms of the formal revocable trust may provide for a successor beneficiary or some other redistribution of the trust deposits. Depending on these terms, the insurance coverage may or may not change.

NOTES

FOR MORE INFORMATION FROM THE FDIC

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