

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.