

FDIC's

National Telephone Conference on Deposit Insurance Coverage for Corporation, Partnership & Unincorporated Association Accounts and Government Accounts

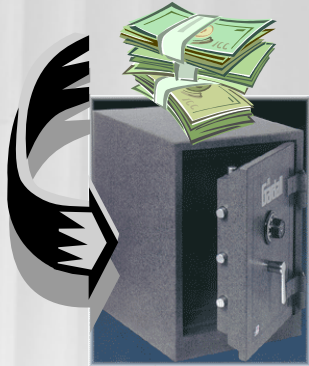
Session Dates – October 25 & November 15, 2007



Deposit Insurance Seminar

Today's Speaker

Eligible Ownership Categories



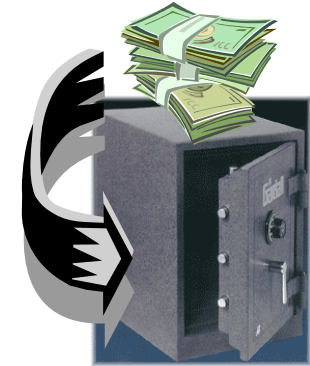
SINGLE



JOINT



CERTAIN
RETIREMENT



EMPLOYEE
BENEFIT PLAN



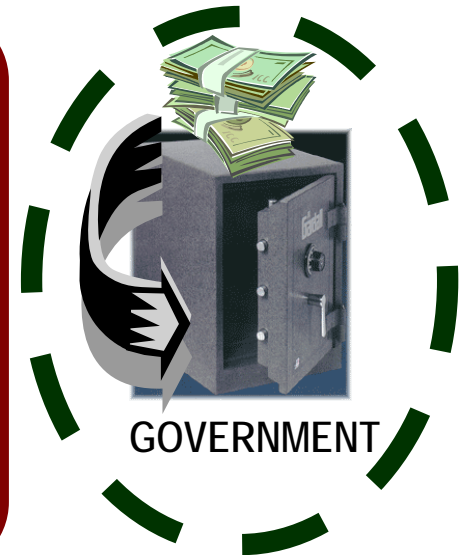
REVOCABLE
TRUST



IRREVOCABLE
TRUST



CORPORATION
PARTNERSHIP
UNINCORPORATED
ASSOCIATIONS



GOVERNMENT

Corporation, Partnership and Unincorporated Association Accounts

- Coverage is \$100,000 for:
 - Corporations
 - Partnerships
 - Unincorporated Associations (educational, charitable, social or other non-commercial purpose)
- Must be an actual legal entity engaged in an independent activity
 - Separate tax identification numbers
 - Separate charters or bylaws

Corporation, Partnership and Unincorporated Association Accounts

- Accounts for different purposes are added together and insured up to \$100,000
- Accounts are added together and insured up to \$100,000, regardless of the number of signers
- But the following accounts are insured separately:
 - Personal accounts of the officers, directors or partners
 - Accounts of an employee benefit plan sponsored by the corporation, partnership or unincorporated association
 - Accounts held by the corporation, partnership or unincorporated association in a fiduciary or agency or custodial capacity

Example – ABC Corporation Multiple Accounts

Account	Account Title	Balance
# 1	ABC Corporation /Operating	\$ 25,000
# 2	ABC Corporation/Marketing	75,000
# 3	ABC Corporation/Payroll	90,000
Total		\$ 190,000
Insured		\$ 100,000
Uninsured		\$ 90,000

Example – School and Related Group

Account	Account Title	Balance
# 1	Bluefield Academy	\$ 90,000
# 2	Bluefield Sports Department	\$ 15,000
# 3	Bluefield Alumnae Association	\$ 23,000

Account	Account Title	Balance
# 1	Bluefield Academy	\$ 90,000
# 2	Bluefield Sports Department	\$ 15,000
Total		\$ 105,000
Insured		\$ 100,000
Uninsured		\$ 5,000

Accounts Held for Others

- Insured separately from other accounts of the organization
- Coverage up to \$100,000 “passes through” the organization to each of the actual owners (if requirements are satisfied)
- Examples include:
 - Real estate and other escrow accounts
 - Interest on lawyers trust accounts (IOLTAs)
 - Brokered deposits

“Pass-Through” Requirements

- Bank’s account records must reveal the agency or custodial nature of the account (*e.g.*, “ABC Company as Custodian”)
- Bank’s records or accountholder’s records must reveal the identities and interests of the actual owners
- Deposits actually must be owned by the named owners, not by the accountholder
 - Actual ownership depends on parties’ agreements
 - Also may depend on State law

Example – Business or Organization Operating in a Fiduciary Capacity

Account	Account Title	Balance
# 1	Smith & Jones Partnership	\$ 50,000
# 2	Smith & Jones, Client Escrow	\$ 80,000

Account	Account Title	Balance	Insured to Smith Jones	Insured to Clients
# 1	Smith & Jones	\$ 50,000	\$50,000	
# 2	Smith & Jones, Client Escrow			
	➤ G. Washington	10,000		\$10,000
	➤ J. Adams	30,000		30,000
	➤ T. Jefferson	40,000		40,000
Total		\$130,000	\$50,000	\$80,000

Example – Theresa Jefferson’s Deposits

Account	Account Title	Balance
# 1	Smith & Jones/Client Escrow ▶ Theresa Jefferson’s interest	\$ 40,000
# 2	Theresa Jefferson – CD	85,000
# 3	Theresa Jefferson – checking	5,000
Total		\$ 130,000
Insured		\$ 100,000
Uninsured		\$ 30,000

Government Accounts

Public Units/Government Entities

- United States
- States
- Counties
- Municipalities
- District of Columbia
- Puerto Rico
- Other territories
- Indian tribes
- School districts
- Power districts
- Irrigation districts
- Bridge or port authorities

Example – State and County

Account	Account Title	Balance
# 1	State of West Virginia	\$ 75,000
# 2	Grant County, W. Va.	\$ 45,000

Accounts will be insured separately because each accountholder is a separate government depositor recognized by FDIC

Government Accounts

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Example – School Districts

Account	Account Title	Balance
# 1	Grant County School District	\$ 83,000
# 2	Hardy County School District	\$ 57,000

Accounts will be insured separately because each “school district” is a separate public depositor recognized by FDIC

Government Accounts

Public Units/Government Entities

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“Political Subdivisions”

Any principal department expressly created by law which controls funds for its exclusive use

**Deposit Insurance for Accounts Held by
Government Depositors**

www.fdic.gov/deposit/deposits/FactSheet

Example - Grant County

Account	Account Title	Balance
# 1	Grant County	\$ 90,000
# 2	Grant County School District	\$ 45,000
# 3	Grant County Library System	\$ 30,000

Separate coverage for Account # 3 depends on whether the ‘Library System’ was expressly created by Grant County law and whether the ‘Library System’ controls funds for its exclusive use

Important Point

**Insured depositor is not the public unit
or political subdivision**

Insured depositor is the “official custodian”

“Official Custodian”

Appointed or elected official who has decision-making authority over funds in the account owned by the public unit

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Public Unit Account Coverage

Provided to each “official custodian” of each public unit or “political subdivision”

- Deposits in a bank in same state:
 - \$100,000 for all time and savings deposits
 - \$100,000 for all demand deposits
- Deposits in a bank in different state:
 - \$100,000 for all deposits

Example - Grant County

Account	Deposit Type	Balance	Official Custodian	Time and Savings	Demand
# 1	CD	\$ 90,000	Jane Smith Treasurer	\$ 90,000	
# 2	NOW	60,000	Jane Smith Treasurer	\$ 60,000	
# 3	Demand	30,000	Jane Smith Treasurer		\$30,000
Total		\$180,000		\$150,000	\$30,000
Insured				\$100,000	\$30,000
Uninsured				\$ 50,000	\$ 0

Assumes deposits are placed in an FDIC-insured bank in the same state as the Public Unit

In Summary

**Deposit Insurance for Accounts Held by
Government Depositors**

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Questions and Answers