



# THE BASICS OF FDIC INSURANCE

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The market turmoil of late 2008 prompted many people to question the insured status of their deposits in financial institutions—especially the potential for reimbursements in the unfortunate event of a bank or brokerage failure. Much of the fear has since subsided. However, 64 banks have failed since the beginning of this year. Questions from clients regarding the mechanics of the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC), as well as their roles in the financial system infrastructure are still common.

## ROLE OF FDIC

As an independent agency backed by the full faith and credit of the United States government, the FDIC is designed to protect consumer and business funds deposited in FDIC-insured institutions—either banks or savings associations. Established in 1933 after the massive bank failures of the 1920's and early 1930's, the agency has since protected depositors and established an impressive record to date: not one depositor has lost a single penny of FDIC-insured funds since the birth of the organization.

There are limits to what FDIC considers insured funds. Insurance coverage enhancements made during the fourth quarter of 2008, however, have resulted in many depositors feeling more protected than ever before. The traditional \$100,000 basic coverage was temporarily increased to \$250,000

per depositor. At this time that increase is scheduled to revert back to \$100,000 on December 31, 2013 for all account categories except IRA's and certain other retirement accounts.

## AM I COVERED?

If you are banking at an FDIC-insured institution, there is no need to apply for coverage. Over 8,000 banks or savings associations were registered as insured institutions as of the end of July, 2009. To confirm your institution is included, call toll-free (877)-ASK-FDIC or use [Bank Find](#) located on FDIC's website under the Deposit Insurance tab.

## ACCOUNTS COVERED

The FDIC covers funds in deposit accounts such as checking, savings, money market and CDs. Coverage does not apply to stocks, bonds, mutual funds, life insurance or annuities.

A depositor should fully understand the coverage limits to ensure his or her funds are protected. These limits are based on the amount held in different ownership categories such as joint accounts, individual accounts, trusts, and IRA's. Multiple accounts held at the same institution can result in deposits that would not be covered.

The following table provides a sample of a married couple, Sam & Sarah Sample who have all their accounts at one institution.

## DEPOSITS AT ABC BANK - SAM & SARAH SAMPLE

TYPE	OWNER	BALANCE	INSURED	UNINSURED
Individual	Sarah	\$275,000	\$250,000	\$25,000
Joint	Sam & Sarah	\$325,000	\$325,000	
	Sarah & Sam	\$325,000	\$175,000	\$150,000
Retirement	Sam's IRA	\$480,000	\$250,000	\$230,000
	Sarah's IRA	\$275,000	\$250,000	\$25,000
Pay on Death	Sam	\$175,000	\$175,000	
	Sarah	\$375,000	\$250,000	\$125,000
Business	Sam's Shop	\$325,000	\$250,000	\$75,000
<b>TOTALS</b>		<b>\$2,555,000</b>	<b>\$1,925,000</b>	<b>\$630,000</b>

*for illustrative purposes only*

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Clearly, Sam & Sarah have much at risk with their local bank: about \$630,000 out of \$2.5 million is uninsured. They can redistribute some balances among their accounts or add a “qualifying” beneficiary (such as parent, child, grandchild, etc.) to increase coverage. Other beneficiaries such as nieces, nephews, cousins or friends do not qualify—neither do organizations nor other entities. Sam & Sarah should also be aware of the fact that their joint accounts are not fully covered.

Beware of a common misconception that switching the order of joint names or social security numbers will change coverage. It doesn't! The excess amounts in their retirement and business accounts could be transitioned to another FDIC-insured institution in order to be insured.

Frequently asked questions (FAQ's) on the FDIC web site offer further examples to explain how various account structures are protected. You can also calculate your coverage using the Electronic Deposit Insurance Estimator (EDIE)

found on their web site. Certain limitations and restrictions will apply, so be sure to refer to the FDIC website for more details or you can contact your relationship manager.

### FDIC LIMITS FOR DIFFERENT ACCOUNT TYPES

ACCOUNT TYPE	FDIC LIMIT *
Individual	\$250,000 per owner
Joint	\$250,000 per co-owner
Retirement (including IRA's)	\$250,000 per owner
Trust	\$250,000 per owner per beneficiary
Corporation or Association	\$250,000 per entity
Employee Benefit Plans	\$250,000 for each participant
Government Accounts	\$250,000 per official custodian

\* Other restrictions may apply to some of these limits. Check with your bank about your specific situation.

## VANTAGE NEWS



### VANTAGE SUMMER PICNIC

Our annual summer picnic was enjoyed by the Vantage Team and their family members in July. Many of us exposed our competitive side during several rounds of volleyball, bag toss and basketball. Everyone enjoyed connecting with family members and friends and the company, combined with wonderful weather and abundant food, provided a delightful time for everyone.



### SAM BAKOU IS ENGAGED

While June saw the marriage of our planning associate Jonathan Stano, this month our relationship manager Sam Bakou announced his engagement to Anita Orshan. Sam proposed while on an idyllic vacation in Door County. Congratulations to them both!

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