Your
FINANCIAL RESOURCE
Timely tips from your friends at Nussbaum Yates Berg Klein & Wolpow September 2015

Maximizing FDIC Insurance Coverage of Bank Deposits

The Federal Deposit Insurance Corporation (FDIC) has provided deposit insurance coverage to depositors of insured banks since 1933. This protection is important to all investors, especially those who tend to be invested heavily in cash and who are dependent on these accounts to cover living expenses.

Note: The covered institutions must display an official sign at each teller window or teller station. All FDIC institutions should have a brochure available to answer other questions regarding coverage. Additional information can be obtained at www.fdic.gov.

Types of deposits protected. All types of deposits received by a financial institution in its usual course of business are insured. For example, savings deposits, checking deposits, Certificates of Deposit (CDs), cashier's checks, and money orders are all covered. Certified checks, letters of credit, and traveler's checks, for which an insured depository institution is primarily liable, are also insured when issued in exchange for money or its equivalent, or for a charge against a deposit account.

Any person (U.S. citizen or not) or entity can have FDIC insurance coverage in an insured bank. However, only deposits that are payable in the U.S. are covered. Deposits only payable overseas are not insured.

Securities, mutual funds, and similar types of investments, even if purchased through a bank, are not covered, nor are safe deposit boxes or their contents. Similarly, Treasury securities purchased by an insured institution on the customer's behalf are not insured, but these investments are backed by the full faith and credit of the U.S. government.

Amount of coverage available. A depositor is normally insured up to $250,000 in each insured financial institution. Accrued interest is included when calculating insurance coverage. Deposits maintained in different categories of legal ownership are separately insured. Accordingly, an individual can have more than $250,000 of insurance coverage in a single institution, provided the funds are owned and deposited in different ownership categories.

Deposits held in one insured bank are insured separately from any deposits held in another separately insured bank. For instance, if a person has a checking account at Bank A and has a checking account at Bank B, both accounts would be insured separately up to $250,000. Funds deposited in separate branches of the same insured bank are not separately insured.

Up to $250,000 in deposit insurance is provided for the money a consumer has deposited at the same insured institution in a variety of retirement accounts, including traditional IRAs, Roth IRAs, SEP IRAs, and SIMPLE Plans.

Maximizing FDIC insurance coverage. FDIC insurance coverage is not determined on a per-account basis, but on an ownership basis. Thus, the type of account has no bearing on the amount of insurance coverage, and the Social Security numbers or tax identification numbers do not determine coverage. Instead, separate insurance coverage is provided for funds held in different ownership categories. This means that a bank customer who has multiple deposits may qualify for more than $250,000 in insurance coverage if the customer's accounts are deposited in different ownership categories and the requirements for each ownership category are met. Thus, increasing your available FDIC coverage may be as simple as retitling accounts so they fall into different ownership categories.

For example, an individual with three individual accounts each worth $100,000 for a total of $300,000 would have only $250,000 of coverage. However, a joint account worth $500,000 would be fully covered ($250,000 per person).

For more information, contact Ralph Liberatoscioli at (631) 845-5252, Ralph.Liberatoscioli@nybkw.com.

NUSSBAUM YATES
BERG KLEIN & WOLPOW, LLP

LONG ISLAND: (631) 845-5252 | NEW YORK: (212) 684-2414
www.NYBKW.com