



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **FDIC Insurance for Retirement Accounts Increased to \$250,000**

*Higher coverage takes effect April 1; Basic insurance limit for other accounts stays at \$100,000*

The Federal Deposit Insurance Corporation (FDIC) Board of Directors today approved final rules that will raise the deposit insurance coverage on certain retirement accounts at a bank or savings institution to \$250,000 from \$100,000. The increase, the result of a new law boosting federal deposit insurance coverage for the first time in more than 25 years, will become effective on April 1. The basic insurance coverage for other deposit accounts, however, will remain at \$100,000.

"The increase in deposit insurance coverage on certain retirement accounts is a significant change," said Martin J. Gruenberg, Acting Chairman of the FDIC. "The FDIC is committed to helping depositors understand clearly the change that has been made and how it will affect the deposit insurance coverage for which they are eligible."

Under the FDIC's new rules, up to \$250,000 in deposit insurance will be provided for the money a consumer has in a variety of retirement accounts, primarily traditional and Roth IRAs (Individual Retirement Accounts), at one insured institution. Also included are self-directed Keogh accounts, "457 Plan" accounts for state government employees, and employer-sponsored "defined contribution plan" accounts that are self-directed, which are primarily 401(k) accounts. In general, self-directed means the consumer chooses how and where the money is deposited.

In addition, the IRAs and other retirement accounts that will be protected under the new rules to \$250,000 are insured separately from other accounts at the same institution that will continue to be insured up to at least \$100,000. To learn more about FDIC deposit insurance, see the resources listed later.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at [www.fdic.gov](http://www.fdic.gov), by subscription electronically (go to [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html)) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-29-2006

The new law also established a method by which the FDIC would consider an increase in the insurance limits on all deposit accounts (including retirement accounts) in the future, but only every five years starting in 2011. Any such increase would be based, in part, on inflation. Otherwise, accounts will continue to be insured as described above.

To help consumers, bankers and others understand how the new law affects deposit insurance coverage and to help the public determine if certain accounts are fully insured, the FDIC provides the following resources:

- **Reports in *FDIC Consumer News*, including one being issued today:** A special two-page bulletin of the agency's consumer newsletter is being published today to provide a summary of the higher coverage for retirement accounts and to clarify that other insurance coverage has not changed. The publication will be posted on the FDIC Web site at <http://www.fdic.gov/consumers/consumer/news/special/index.html> (link no longer active). In addition, the next quarterly issue of *FDIC Consumer News* (Spring 2006) to be published in May will provide even more details. Consumers, the news media and other interested parties can sign up for a free e-mail notice about each new issue by following the instructions posted at [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html).
- **Information on deposit insurance on the FDIC Web site:** Updated brochures on deposit insurance (including the basic guide *Insuring Your Deposits*) and a new version of the "Electronic Deposit Insurance Estimator" (EDIE), an interactive service that allows consumers to quickly and easily check whether their accounts are fully protected, will be available on the FDIC's Web site ([www.fdic.gov](http://www.fdic.gov)) on Monday, April 3.
- **A toll-free consumer assistance line:** Help and information about deposit insurance and other matters of interest to bank customers is available at 1-877-ASK-FDIC (1-877-275-3342) Monday through Friday from 8:00 a.m. to 8:00 p.m., Eastern Time. For the hearing-impaired, the number is 1-800-925-4618.
- **Responses to letters:** Questions may be e-mailed to the FDIC using the agency's Customer Assistance Form at <https://ask.fdic.gov/FDICCustomerAssistanceForm> or in a letter to FDIC, Division of Supervision and Consumer Protection, 550 17th Street, NW, Washington, DC 20429-9990.

Federal insurance protects depositors against loss if a banking institution fails. The same law also increased the deposit insurance coverage for retirement accounts at credit unions insured by the National Credit Union Administration.

**Attachment:**

[FDIC Board Meeting Notice with Draft Agenda Distributions](#)