



PRESS RELEASE

Federal Deposit Insurance Corporation

FOR IMMEDIATE RELEASE
May 16, 2006

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Latest *FDIC Consumer News* Features the Top 10 Misconceptions about FDIC Deposit Insurance Other topics include the basics of debit cards and financial tips for traveling abroad

While most people have a pretty good idea about how FDIC insurance works, a surprisingly large number of consumers have potentially costly misconceptions. The biggest concern: Some depositors who believe that their funds are fully insured may inadvertently have some money over the insurance limits and risk losing that portion if their bank fails. The Spring 2006 *FDIC Consumer News*, published by the Federal Deposit Insurance Corporation, offers a guide to understanding FDIC insurance coverage and making sure that all of a family's accounts are fully protected. It features:

- **The "Top 10" misconceptions about FDIC insurance.** The Number 1 fallacy: The most a consumer can have insured is \$100,000. In fact, a person may qualify for more than \$100,000 in coverage at each insured bank if the funds are deposited in different "ownership categories," such as individual accounts, joint accounts, and certain trust and retirement accounts. Depending on the circumstances, a family of four could have well over \$1 million in deposit insurance coverage at the same bank -- and that coverage is separate from what is FDIC-insured at any other institution.
- **How to maximize insurance coverage after a large windfall.** The FDIC frequently gets inquiries from people who, because of an inheritance, a home sale or similar development, find themselves with a large sum of money they want to have fully protected. *FDIC Consumer News* describes options for increasing insurance coverage but also includes some warnings, including a reminder that adding someone as a co-owner to a joint account just to maximize the FDIC coverage also gives the other person an equal right to withdraw the money.
- **FDIC resources to help answer questions.** The newsletter notes, for example, that the FDIC recently introduced a new version of the Electronic Deposit Insurance Estimator (EDIE) that consumers can use online to quickly and easily figure out



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.

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whether their deposits at an insured institution are within the insurance limits. The FDIC publishes other educational material at www.fdic.gov, has a toll-free Call Center (1-877-ASK-FDIC or 1-877-275-3342) and responds to letters and e-mails.

The publication also looks at basic information consumers should know about debit cards, which can be used to make purchases or obtain cash and have the funds deducted directly from a checking or savings account. Even though debit cards are becoming more common and more popular, many consumers may still be unsure about the pros and cons or how to use debit cards safely. **FDIC Consumer News** answers common questions on issues such as debit card fees, whether it is possible to stop a payment or obtain a refund on a debit card transaction, and how to protect against errors and fraud.

Also in this issue are money-related tips for people planning a trip abroad, such as alternatives to carrying cash (which, if lost or stolen, can't be replaced), ways to minimize banking fees in another country, and how to protect against thieves who may target travelers.

The goal of the quarterly **FDIC Consumer News** is to deliver timely, reliable and innovative tips and information on financial matters, free of charge. The Spring 2006 issue is available online at www.fdic.gov/consumers/consumer/news/cnspr06. Current and past issues are online at www.fdic.gov/consumernews. The FDIC also offers a free subscription service that provides an e-mail about each new issue posted to the Web site and a link to stories of interest. Instructions for subscribing are posted at www.fdic.gov/about/subscriptions/index.html.

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