PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Simplifies Coverage Rules for Revocable Trust Accounts

The FDIC's Board of Directors today adopted changes to simplify the rules for determining the coverage available on revocable trust accounts – commonly called *payable-on-death accounts or living trust accounts*. The interim rules, which are effective immediately, eliminate the concept of qualifying beneficiaries, so that coverage is based on the naming of virtually any beneficiary.

Under the revised rules, coverage for the vast majority of account owners generally is based on the number of beneficiaries named in a depositor's revocable trust account(s). The insurance limit will still be based on $100,000 per named beneficiary. For revocable trust account owners with more than $500,000 in such accounts naming more than five beneficiaries, the coverage is the greater of either $500,000 or the sum of all the named beneficiaries' proportional interest in the trusts, limited to $100,000 per different beneficiary.

"We believe the interim rule will not only result in faster deposit insurance determinations after bank closings, but will help improve public confidence in the banking system," said FDIC Chairman Sheila C. Bair. "We strongly encourage owners of revocable trust accounts to make certain that the names of their beneficiaries are included in the bank's records."

The new rules are effective as of today and apply to all existing and future revocable trust accounts at FDIC-insured institutions.

Comments on the interim rule are due no later than 60 days after the interim rule is published in the *Federal Register*. Publication is expected to occur within a week.