FDIC DEPOSIT INSURANCE COVERAGE AT BANKS AND SAVINGS ASSOCIATIONS

F A C T   S H E E T

I: General Information:

- Statutory insurance limit of $100,000 is unchanged.

- Rules for banks and savings associations are made uniform.

- New rules take effect July 29, 1990, with certain provisions delayed beyond that date.

- Most depositors (generally anyone with $100,000 or less on deposit in any one financial institution) are unaffected by the changes.

- If an institution fails and is closed, an attempt is made to sell its deposits and remaining assets to a healthy institution. All depositors generally become customers of the acquiring institution and service to customers is not interrupted. If a buyer cannot be found for the failed institution, a payoff of depositors up to the insurance limit of $100,000 is arranged. The effect of the changes in deposit insurance rules will be apparent only in a payoff situation.

II: Accounts where changes will affect some customers of savings associations

Testamentary Accounts — also called revocable trust accounts. Changes apply only to trust accounts naming husband and wife in trust for each other. Other revocable trust accounts are not affected.

457 Plan Accounts — a type of retirement plan established for state and local employees and employees of not-for-profit organizations.

Mortgage Servicing Accounts — accounts consisting of the principal and interest payments of individual mortgage loan borrowers to a mortgage servicer that collects the funds and holds them until they are paid to another entity (e.g., an investor or lender).

III. Actions recommended for all customers:

Review deposit accounts (checking, savings, certificates of deposit) and determine the total at each financial institution, including its branches. If this total exceeds $100,000 for one individual, check the rules to see if the funds are fully insured. If not fully insured, consider ways to obtain total coverage, such as transferring the excess to another institution. (NOTE: Individual Retirement Accounts and Keogh Plan Accounts are insured separately up to the $100,000 limit.)

Review records relating to all accounts (single, joint, trust, business). If insurance coverage is unclear, consult an officer of the financial institution for assistance. Or contact the FDIC's Office of Consumer Affairs, Washington, D.C. 20429.

Watch for a notice or pamphlet from your financial institution explaining the new insurance rules.

#####