



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ISSUES NOTICE TO DEPOSITORS ABOUT DEPOSIT INSURANCE RULES CHANGES

The Federal Deposit Insurance Corporation today sent to approximately 13,000 banks and 2,900 savings associations a notice of the upcoming changes in deposit insurance rules that each institution is required to send to depositors in a one-time mailing.

The FDIC is requiring the institutions to send the notice to their depositors or account holders by July 29, 1990, the effective date of the new rules. Later mailings are permitted in certain cases, such as for certificates of deposit (CDs) with maturity dates after July 29, 1990.

The FDIC stressed in the notice to be sent to depositors that most of them "will not be affected by the changes" and that "the basic coverage that protects individual accounts for up to \$100,000 and joint accounts for up to an additional \$100,000 remains the same." The notice tells depositors and account holders how they can obtain additional information if they are uncertain about their insurance coverage.

The most significant changes in deposit insurance coverage will affect certain accounts at savings associations. Some of the affected accounts are testamentary (revocable trust) accounts and so-called "457 Plans," which are employee benefit programs primarily for state and local government workers.

While the new deposit insurance rules take effect on July 29, 1990, some provisions phase in at later dates. For example, the new rules will apply to CDs and other time deposits starting with their first maturity date after July 29, 1990. Also, deposits of 457 Plans in savings associations as of July 29, 1990, will not come under the new rules until January 29, 1992.

(more)

Financial institutions will be permitted to send the FDIC's notice to depositors and account holders in a separate mailing or as part of another mailing, such as a monthly account statement. Institutions are given flexibility to use the FDIC's camera-ready version of the notice or some other format, provided the exact language in the notice is used without changes, additions or deletions.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) required the FDIC to eliminate differences in deposit insurance coverage at banks and savings associations and to provide notice of those changes to depositors and account holders. Final rules were approved by the FDIC Board on April 30, 1990.

The FDIC's notice to depositors is attached.

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