

How to Protect Your Bank Deposits

(www.dolans.com/banking/fdic-insurance.html)

The recent take-over of the IndyMac Bank by the Federal Deposit Insurance Corporation (FDIC) has a lot of people understandably concerned about their own bank accounts.

While not nearly as many banks are expected to fail from bad loans as the nearly 900 banks that went under in the early 1990s, many of us who never worried about the safety of our assets in a bank are now *very* concerned....with good reason. The sub-prime mortgage crisis is *far* from over.

Let's take a few minutes to help you understand how to protect your deposits.

Dolan Straight Talk Tip: The best way to keep your assets safe, even in the event your bank fails, is to make sure it is properly insured by the FDIC.

The unfortunate fact of life for an estimated 10,000 depositors at IndyMac is that nearly \$1 *billion* of their assets are NOT covered by FDIC insurance. Sadly, much of that may be lost.

Much more money in banks across America is at risk. The amount of uninsured deposits has doubled in the past 15 years to more than \$2 TRILLION!

You don't want your money in that "uninsured" category, so here's what you need to know about FDIC coverage.

FDIC Insurance 101

The first step is to **make sure your bank or savings association is an FDIC-insured institution**. The good news is that the FDIC insures deposits in most banks and savings associations in the United States, and it is backed by the full faith and credit of the U.S. government. Double-check your bank to be sure it's FDIC insured. If so, you're protected against the loss of your money under most conditions if the bank fails.

Here's the straight scoop on what's covered and what's not:

1. **What's covered:** FDIC insurance covers all types of deposits received at an insured bank, including deposits in checking, NOW, and savings accounts, money market deposit accounts and time deposits such as certificates of deposit (CDs). Deposits in separate branches of a bank are not separately insured. However, deposits in one bank are insured separately from deposits in another bank.
2. **What's not covered:** Money invested in bonds, stocks, annuities, life insurance and mutual funds is not covered. Also...the FDIC does not insure safe deposit boxes or their contents, but that doesn't mean you'll lose what's in them. In the event of a bank failure, the FDIC, in most cases, arranges for an acquiring bank to take over the failed bank's

offices, including locations with safe deposit boxes. If no acquirer is found, box holders would be sent instructions for removing the contents of their boxes.

3. **How much is covered:** Each "qualifying account" is insured up to \$100,000 and most retirement accounts up to \$250,000. This includes all of the principal and any accrued interest through the date of the insured bank's closing (up to the insured limit).

If you have insured accounts with a balance greater than \$100,000, you should be aware of the following:

- Because deposits in different insured banks are covered separately, consider taking some money out of the account that exceeds \$100,000 and moving it to another account at another insured bank.
- Deposits maintained in different categories of legal ownership at the same bank can be *separately* insured. Therefore, it is possible to have deposits of more than \$100,000 at one bank and still be fully covered. Such qualifying accounts include joint accounts, individual retirement accounts (\$250,000 of insurance each), "payable on death" accounts, and others kinds of accounts termed "ownership categories."
- If your qualifying account is over \$100,000 at the time of a bank takeover, you may be partially reimbursed for the uninsured portion, after a period of time, from sales of the bank's assets.

For more information, visit the FDIC's web site (www.fdic.gov) or call the FDIC *toll-free* at 877-275-3342.

Check Your Bank's Stability

In addition to making sure your deposits are FDIC-insured, we also recommend you check the financial stability of your bank through Veribanc. Go to www.veribanc.com or call 1-800-837-4226.

Veribanc provides "safe and sound" bank ratings on all U.S. federally insured financial institutions in "plain English." (As you know, we're big fans of straight talk!) The cost is \$10 for the ratings on the first bank, plus \$5 each for each additional rating requested during the same phone call.

Veribanc's system has been around for over 25 years and has a good track record of helping people protect their deposits and investments against bank failure and fraud. If you find your bank isn't as financially stable as you would like, take steps now to move your money to a more secure institution.

We know it's scary to think of bank failures, but if you make sure your deposits are FDIC insured and verify that your bank is in good financial shape, you can have peace of mind at a time even in these tough times.

Be safe!