

## What is FDIC Insurance?

By Denise Holmes

When you walk in your bank you will notice the gold signs with black lettering that read “FDIC”. As a customer you should feel comfortable knowing that the Federal Deposit Insurance Corporation (FDIC) was created to protect your money. The goal of the FDIC is to give banking customers confidence in the financial industry by insuring deposits for at least \$100,000.

The FDIC was created in 1933 after the many bank failures that happened in the 1920’s and early 1930’s. The FDIC is solely supported by premiums paid by banks and thrift institutions for deposit insurance coverage and its investments in the U.S. Treasury securities. The FDIC receives no monies from the federal government. Most financial institutions are examined and supervised by the FDIC.

The basic amount of FDIC Insurance is \$100,000 per depositor, per insured bank. Deposit insurance is provided to each depositor of the bank. FDIC covers the balances in depositors’ accounts, dollar for dollar, up to the insurance limit. The different types of accounts covered include checking, savings, time deposits, trusts, and official bank issued checks. Balances in these accounts are combined to determine the insured amount. Self directed retirement accounts may be insured up to \$250,000. Self directed retirement accounts include traditional and Roth Individual Retirement Accounts (IRAs), Simplified Employee Pension accounts, “Section 457” deferred compensation plan accounts, self-directed Keogh plan accounts, and self-directed defined contribution plan accounts. FDIC insures deposits only. Accounts not covered by the insurance are investments, annuities, stocks, bonds or other securities, insurance products, and safe deposit boxes.

FDIC insurance coverage is based on the ownership of accounts. In order to qualify as an eligible deposit account it must be owned by a natural person(s) or a legal entity such as a corporation, partnership, unincorporated association, or a public unit. The FDIC bases its insurance requirements by “ownership categories” of accounts. The “ownership categories” are

- single accounts
- joint accounts
- self directed retirement accounts
- revocable trust accounts
- irrevocable trust accounts
- benefit plan accounts
- corporations, partnership and association accounts, and
- public unit accounts.

By having money in each “ownership category” a depositor could be insured for more than the \$100,000 limit. Here is an example:

Ownership Category	Account Title	Balance	Insured Amount	Uninsured Amount
Single Account	Husband	100,000	100,000	0
	Wife	150,000	100,000	50,000
Joint Account	Husband or Wife	200,000	200,000	0
POD Acct/Living Trusts	Husband or Wife POD Son	100,000	100,000	0
	Husband or Wife POD Daughter	100,000	100,000	0
IRA Accounts	Husband	250,000	250,000	0
	Wife	100,000	100,000	0
Business Account	H & W, Inc.	150,000	100,000	50,000
Grand Total		1,150,000	1,050,000	100,000

As you can see from the example above you can insure your deposits by how your account is titled and by the type of account. You can visit FDIC's website, <http://www.fdic.gov/edie/>, to calculate your deposits and to obtain beneficial information. You can also visit your local bank to receive the brochure "Your Insured Deposits, FDIC's Guide to Deposit Insurance Coverage".

This informative article was submitted by Southern Heritage Bank for your education on Federal Deposit Insurance Coverage. Please visit any of our branches to receive information on your deposit accounts and the amounts insured. You may also visit the FDIC's website [www.FDIC.gov](http://www.FDIC.gov) to receive further information.

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