NOTICE OF CHANGES IN TEMPORARY FDIC INSURANCE COVERAGE

FDIC Deposit Insurance Update

What to Know About the Changes Affecting FDIC Insurance Coverage

Know Your FDIC Coverage!

A new law went into effect in July 2010 that includes two key provisions involving federal deposit insurance.

KEY PROVISION #1:

The basic standard maximum deposit insurance amount has been permanently increased from $100,000 to $250,000.

Under previous law, the basic FDIC insurance amount was temporarily increased to $250,000 in 2008, but it was scheduled to return to $100,000 on January 1, 2014. The permanent $250,000 insurance limit will be especially helpful for consumers who expect to have more than $100,000 in their bank starting in 2014 — for example, people who have or are considering multi-year certificates of deposit (CDs) — and who want to be sure their funds will be fully protected by the FDIC.

WHAT ELSE TO REMEMBER: "You can have **far more than $250,000** in one bank and still be fully insured," explained FDIC attorney Christopher Hencke. "That's because the basic insurance coverage limit applies per person, per institution, for each account ownership category under the FDIC's rules. That means your single accounts at one bank are insured up to $250,000, your share of all joint accounts at that bank is separately insured up to another $250,000, and so on down the list of categories."

Each depositor insured to at least $250,000

Backed by the full faith and credit of the United States government

FDIC

Federal Deposit Insurance Corporation·www.fdic.gov

KEY PROVISION #2:

A new, temporary insurance category will fully insure all funds, regardless of the dollar amount, in checking accounts that pay no interest.

The new coverage will begin December 31, 2010, and run for two years. It is similar in certain respects to a temporary FDIC program already in effect that will be replaced at the end of the year.

"Unlike the temporary program being replaced at the end of this year, the new coverage will apply to all federally insured institutions," noted FDIC Supervisory Counsel Joe DiNuzzo. "Another difference is that the new coverage will not apply to checking accounts that pay interest. Those accounts

NOTICE OF CHANGES IN TEMPORARY FDIC INSURANCE COVERAGE FOR TRANSACTION ACCOUNTS

All funds in a "noninterest-bearing transaction account" are insured in full by the Federal Deposit Insurance Corporation from December 31, 2010, through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least $250,000 available to depositors under the FDIC's general deposit insurance rules.

The term "noninterest-bearing transaction account" includes a traditional checking account or demand deposit account on which the insured depository institution pays no interest. It also includes Interest on Lawyers Trust Accounts ("IOLTAs"). It does not include other accounts, such as traditional checking or demand deposit accounts that may earn interest, NOW accounts, and money-market deposit accounts.

For more information about temporary FDIC insurance coverage of transaction accounts, visit www.fdic.gov.

will be insured up to $250,000 under the FDIC's general deposit insurance rules."

WHAT ELSE TO REMEMBER: The new full-insurance category will be especially helpful for consumers who have a very large sum of money they want to safely park in a bank account for a brief period, until it can be invested elsewhere.

"A good example would be an individual who sells his or her home for $500,000 and wants to deposit that money in the bank without fear of losing anything over the $250,000 insurance limit if the bank fails," Hencke said. "But depositors also should understand that they will earn no interest on their funds because this new, unlimited coverage will apply only to transaction accounts, such as checking accounts, that earn no interest."

To be sure that your account qualifies for this temporary, unlimited FDIC insurance coverage, talk to your banker.

FDIC Contacts—To learn more about FDIC and deposit insurance coverage, go to **www.fdic.gov** or call 1-877-275-3342.