

May 21, 2009

## WEATHERING THE STORM Are Your Deposits Insured?

The Federal Deposit Insurance Corporation (the "FDIC") is celebrating its 75<sup>th</sup> anniversary this year, and due to the economic downturn, 2009 will pose a substantial challenge to the FDIC. FDIC Chairman Sheila C. Bair said in a recent speech that "No one has ever lost a penny of an insured deposit." President Obama stated during his first address to a joint session of Congress, "You should also know that the money you've deposited in banks across the country is safe; your insurance is secure; you can rely on the continued operation of our financial system. That is not a source of concern." These two quotes help set the tone that the Government stands behind the security of "insured" deposits.

The real question becomes are your deposits insured? Several changes have occurred over the past year in the area of FDIC deposit insurance to address the current financial crisis. On October 3, 2008, President Bush signed the Emergency Economic Stabilization Act of 2008 ("EESA"), which temporarily raised the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor at each FDIC insured bank. The temporary increase in deposit insurance coverage was scheduled to return to \$100,000 after December 31, 2009, however, on May 20, 2009 President Obama signed the Helping Families Save Their Homes Act of 2009 ("HFSTHA") extending the \$250,000 FDIC coverage limit until December 31, 2013.

As a result of these changes in the law, the FDIC provides separate coverage for deposits held in different account ownership categories at each FDIC insured bank, for example:

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| Single Accounts (owned by one person)                            | \$250,000 per owner  |
| Joint Accounts (two or more persons)                             | \$250,000 per co-owner   |
| Corporation, Partnership and Unincorporated Association Accounts | \$250,000 per entity   |
| Employee Benefit Plan Accounts                                   | \$250,000 for the non-contingent, ascertainable interest of each participant |

More information on FDIC Deposit Insurance Coverage is available on the FDIC [web site](http://www.fdic.gov), [www.fdic.gov](http://www.fdic.gov), under the Deposit Insurance tab.

Separate from EESA and HFSTHA, the FDIC instituted the Temporary Liquidity Guarantee Program on October 14, 2008, and an important part of that program is the Transaction Account Guarantee Program (the "Program"). Under the Program, the FDIC will provide full FDIC deposit insurance coverage for non-interest bearing transaction deposit accounts, Negotiable Order of Withdrawal ("NOW") accounts paying less than one half of one percent (0.50%) interest per annum, and Interest on Lawyers' Trust Accounts ("IOLTA") held at participating FDIC insured depository institutions through December 31, 2009. You can go to the FDIC's website to determine whether or not your bank is participating in the Program by clicking on this [link](#). Your bank should also make required disclosures related to its participation in the Program.

The FDIC established December 31, 2009 as the expiration date for the deposit insurance provisions in the Program. We are closely monitoring developments in Congress as well as FDIC rulemaking and relevant notices that impact deposit insurance. However, there are no guarantees that the expiration date for the Program will be extended or the additional coverage will be made permanent.

If you have any questions concerning whether or not your deposits are insured, please contact:

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