



Understanding FDIC Insurance

FDIC (Federal Deposit Insurance Corporation) is an independent agency of the United States government that helps protect depositors' balances. The FDIC insures over 8,000 banks and savings associations nationally. The organization encourages customers to look for the FDIC official teller sign at their bank. It is also encourages depositors to track financial wellness of their bank.

The FDIC insurance covers checking, NOW and saving accounts as well as money market deposit accounts and certificates of deposits (CDs). Basically the FDIC insures deposits up to \$100,000 per owner, but there are exceptions like joint accounts, trust accounts and retirement investments, when the FDIC insures beneficiaries of depositors as well. Other types include revocable and irrevocable trust accounts, employee benefit plan accounts, corporations/partnership/unincorporated association accounts, and government accounts.

FDIC insurance cumulates the deposits held in a single financial institution, by the depositor. Each depositor, or owner, is insured up to \$100,000. Single accounts, held in the name of a single person, single business name, or a decedent's estate; have a single ownership and are therefore insured up to \$100,000.

Since joint accounts assume ownership by more than one entity, they are insured up to \$100,000 per owner. Joint accounts are owned by two or more people with the ability to withdraw and change the account. Each person on the account is presumed to have equal share in the deposit and its earnings. The FDIC insures joint account deposits up to \$100,000 per owner.

Retirement accounts insured by the FDIC are traditional IRAs, Roth IRAs, Simplified Employee Pension IRAs and Savings Incentive Match Plans for Employees IRAs. However, the FDIC outlines the detail of retirement plans, so before starting an investment account, check with a banker for FDIC rules and regulations, or view the instructions at www.fdic.gov. The FDIC insures each deposit in this category up to \$250,000 separately from regular deposit accounts for the same owner.

Trust accounts are held on behalf of another who is the beneficiary. There are a number of different types of trust accounts that may provide additional FDIC insurance. Totten trusts, which are informal trusts, must indicate on the account, the intent that the funds will pass to a beneficiary upon the death of the owner. Terms such as ITF (in trust for) ATF (as trustee for), or POD (payable on death) are indicators of a Totten trust. These accounts must clearly state the name of the beneficiary in the account documents and the beneficiary must be one "qualified" under FDIC rules such as a child, grandchild, step child, spouse, parent or sibling.

Another form of trust that may provide additional insurance is

a formal trust. A revocable trust (also known as a living trust or family trust) names Trustors (property owners) and beneficiaries. Totten trusts properly documented with qualified beneficiaries, as well as revocable trusts; may be insured up to \$100,000 per beneficiary for each owner. This type of trust may provide incrementally greater insurance and is an excellent source of protection. FDIC insurance is a tool to assist depositors in the event that a financial institution becomes insolvent and must be closed by the FDIC. There is no substitute for a well managed and financially sound institution. Every depositor should be aware of the safety and soundness of their institution. To view the financial stability of an institution, go to www.fdic.gov to see their financial information and capital ratios.



Lisa Loughran is the executive vice president, divisional sales manager for Surf City Bank, where she oversees the business development and community relations. With over 20 years in both the saving and commercial banking industry, she continues to support her community by being actively involved in leadership programs throughout Huntington Beach. Ms. Loughran is a mother who feels that the most important this in life aside from her family is making a difference in her community and world.

Surf City Bank, a division of South County Bank remains a "Well Capitalized" bank by regulatory definition. The Well Capitalized designation is afforded to those institutions with Capital levels and ratios much higher than what is considered "satisfactory" to current banking standards. For detailed information regarding the safety and soundness of Surf City Bank, go to www.surfcitybank.net and read the "Letter from the President." To learn more about FDIC insurance or Surf City Bank, contact a Relationship Officer at (714) 845-3050.