



FDIC Insurance and The CDARS Program

When we wake up each morning and turn on the news to such conflicting economic information, it's hard not to wonder – *We survived our first tropical storm in the Florida Panhandle, now how will we survive the financial crisis?* Unfortunately, I don't have the magic answer, but updates to FDIC Insurance policies as well as new deposit opportunities such as the CDARS program make protecting your deposits easier. Following is some information regarding maximizing your FDIC Insurance coverage.

FDIC Insurance

Throughout the past year, the FDIC has made a number of adjustments to their deposit insurance policies, all of which enable depositors to have more of their money federally insured. The most notable adjustment was the increase in FDIC standard insurance coverage from \$100,000 to \$250,000, per account holder, at any one financial institution. It's a common misconception that this insurance is per account; however, it is actually \$250,000 of FDIC Insurance per depositor. Over the summer, the FDIC extended the increased insurance period to December 31, 2013. Be mindful of any long-term investments that mature beyond that date.

Association deposits may also qualify for temporary **unlimited** FDIC Insurance on NOW accounts earning an interest rate of 0.50% or less through the Transaction Account Guarantee Program. This program has also been extended through June 30, 2010. Be careful here – banks have the opportunity to opt-out of this extension by November 2, 2009, so be sure to verify your bank's participation before assuming unlimited FDIC coverage.

Individual accounts also benefit from the changes to the FDIC Insurance policy, and what many account holders don't realize is there are opportunities for even greater FDIC Insurance coverage depending on the ownership structure of the accounts. For example, a married couple may be eligible for up to \$1,500,000 of FDIC Insurance on deposits at one bank if their accounts, both joint and personal, are

properly structured. More information and a system to calculate your FDIC Insurance coverage, on both business and personal accounts, are available with the [FDIC Insurance Calculator](#).

The CDARS Program

More and more banks are participating in CDARS – the Certificate of Deposit Account Registry Service. This service allows depositors to enjoy full FDIC insurance on deposit amounts larger than \$250,000 by placing smaller portions (under \$250,000) in CDs at other CDARS networked banks.

How does CDARS work?

Customers deposit their funds with a participating financial institution under one deposit agreement and pre-determined CD terms. The bank then places the funds at participating member banks who issue CDs in denominations under the FDIC limit so the entire investment is eligible for insurance coverage.

How do I know where my money is?

You will receive a confirmation receipt showing the banks where your funds have been placed. While you can not choose the banks that hold your deposits, you may exclude banks where you may already have accounts as to not exceed the FDIC insurance limit.

What are the benefits of CDARS?

- Satisfy association requirements for fully-insured deposits
- Enjoy the time-saving conveniences associated with one agreement, one interest rate, and one regular statement
- Make the full amount of your deposit available for community lending purposes
- Variety of rate and term options available

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