

Money for Life

October 2008

Dear Readers,

The uncertainty in the financial markets may have created questions as to what would happen to your accounts if your bank, credit union, or brokerage firm were to fail. This month's newsletter focuses on the various protections for your financial resources and how to get more information regarding your coverage.

FDIC Insurance



If an insured bank or savings association fails, the Federal Deposit Insurance Corporation protects deposit accounts — including checking and savings accounts, money market deposit accounts and certificates of deposit (CDs) — against any loss up

to the federal limits.

The basic insurance coverage is \$100,000 per depositor per insured institution, but you may qualify for more than \$100,000 in coverage at one insured bank if you own deposit accounts in different "ownership categories." For example, your deposits in:

- *Single accounts* (in one name only) are insured up to \$100,000;
- *Joint accounts* (for two or more people) are protected to \$100,000 per owner;
- *IRAs and certain other retirement accounts* are covered up to \$250,000; and
- *Trust accounts* can be protected up to \$100,000 for each named beneficiary provided that FDIC requirements are met.

Because of the separate insurance coverage for deposits in different categories, a family of four could have well over \$1 million in deposit insurance coverage in one FDIC-insured institution.

If you have questions about your insurance coverage, visit www.fdic.gov/deposit/deposits, which features an Electronic Deposit Insurance Estimator (EDIE), an interactive Web site that can be used to calculate your deposit insurance. You can also call FDIC deposit insurance specialists toll-free at 1-877-ASK-FDIC (1-877-275-3342).

If some of the deposits are over the insurance limit, there are two options to fully insure them. One is to divide the funds among various ownership categories at the same institution. But this is an option you need to think about carefully because, for example, moving some money from a single account into a joint account with someone else means that you are giving that other person legal ownership of the money. Your second option is to move funds over the insurance limit to accounts at other insured institutions. This option works well for people who don't want, or don't qualify for, other ownership categories at their existing bank.

NCUS Insurance Fund

The National Credit Union Share Insurance Fund (NCUSIF) protects credit union members against losses if a federally insured credit union should fail. All members of insured credit unions are provided with \$100,000 in coverage for their individual accounts. These accounts include regular shares, share drafts (similar to checking), money market accounts, and share certificates. The NCUSIF provides joint account holders with \$100,000 in coverage for their aggregate interest at each insured credit union. For example, a two person joint account has \$200,000 in coverage.

Member traditional and Roth IRAs are insured for \$250,000 in the aggregate at each credit union. The National Credit Union Administration (NCUA) insures member Keogh accounts separately in the aggregate to \$250,000 at each credit union.



Retirement account insurance protection is separate and apart from insurance coverage on other credit union accounts.

Separate coverage is also provided for both revocable and irrevocable trusts. Members should consult appropriate professionals to properly establish and document trust arrangements.

NCUA has a Share Insurance Estimator to help members better understand the protection offered. This interactive website allows users to input data to compute the amount of coverage available under different account structure scenarios. This resource is available at <http://webapps.ncua.gov/ins>

Securities Investor Protection Corporation

If your brokerage firm goes out of business and is a member of the Securities Investor Protection Corporation (SIPC), then your cash and securities held by the brokerage firm may be protected up to \$500,000, including a \$100,000 limit for cash. Some firms obtain private insurance policies to provide protection beyond SIPC limits. When a SIPC member becomes insolvent, SIPC will ask a court to appoint a trustee to supervise the firm's liquidation and to process investors' claims.

SIPC covers most types of securities, such as stocks, bonds, and mutual funds. But SIPC does not protect you against losses caused by a decline in the

market value of your securities. And it does not provide protection for investment contracts not registered with the SEC.

You can search SIPC's Membership Database at <http://www.sipc.org/who/database.cfm> or contact its Membership Department at the address below to find out whether a firm is a member of SIPC.

Securities Investor Protection Corporation
805 15th Street, NW
Suite 800
Washington, D.C. 20005-2207
Phone: (202) 371-8300

You can also protect yourself by making payments only to firms that are members of SIPC. Never make a check out to a sales representative, and never send checks to an address different from the business address of the brokerage firm or a designated address listed in the prospectus.

For more information about SIPC and the protections it provides, visit SIPC's website at <http://www.sipc.org/>

The Financial Industry Regulatory Authority (FINRA), is a non-governmental regulator for all securities firms doing business in the United States. The FINRA oversees brokerage firms and registered securities representatives.

More information about protecting your investments can be found on the FINRA's website at <http://www.finra.org/>. A recent Investor Alert provides more information about protections provided under federal securities laws to safeguard investor assets.

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