



FDIC Unlimited Coverage for noninterest bearing accounts explained...

On October 13, 2008, the Federal Deposit Insurance Corporation Board established the Temporary Liquidity Guarantee Program to “preserve confidence and encourage liquidity in the banking system in order to ease lending to creditworthy businesses and consumers”. One important component of the program is the [Transaction Account Guarantee Program \(TAGP\)](#). Under TAGP accounts eligible for the guarantee include those earning no interest and requiring no advance notice of intended withdrawals. Basic FDIC insurance coverage is not changed nor affected by the rules applying to deposits covered under TAGP.

Community Bank has elected to participate in TAGP. Under this program, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the ENTIRE AMOUNT in the account, through June 30, 2010. This coverage is in addition to and separate from the coverage available under the FDIC’s general deposit insurance rules.

The TAGP unlimited insurance does NOT apply to interest bearing accounts, such as Money market accounts, NOW accounts, and Certificates of Deposit. However, those accounts are still insured up to the \$250,000 limit.

What does that mean?

This means that ALL the monies you have on deposit with Community Bank in noninterest-bearing accounts (like free checking, senior free checking, business checking) are insured dollar for dollar.

What accounts are covered?

Eligible accounts include

- ◆ Traditional checking accounts and funds swept or transferred to another type of noninterest bearing deposit accounts
- ◆ NOW accounts paying less than 0.50 percent interest
- ◆ IOLTA accounts
- ◆ Also, NOW accounts paying interest above 0.50 percent as of November 21, 2008 if the rate is reduced to 0.50 percent or lower before January 1, 2009 and the lower rate is maintained through June 30, 2010.

When does it start?

Under TAGP, noninterest bearing transaction accounts, certain NOW accounts, and IOLTA accounts are fully insured from October 14, 2008 through when the financial institution elects not to participate or June 30, 2010. Financial Institutions had to decide whether or not they will continue to participate no later than December 5, 2008.

Since Community Bank elected to participate, our customers’ accounts have been covered since October 14, 2008 and will continue to be until June 30, 2010.

What does that mean?

- ◆ Community Bank customers with deposits in non-interest bearing transaction accounts, IOLTAs and Check Plus and Business Plus accounts that earn less than .50% are covered.
- ◆ Money Market deposit accounts do not have the expanded coverage. Basic insurance coverage applies to them (\$250,000).
- ◆ Certificates of Deposits do not have the expanded coverage. Basic insurance coverage applies to them (\$250,000). This includes IRAs.
- ◆ Savings Accounts do not have the expanded coverage. Basic insurance coverage applies to them (\$250,000).

Basic FDIC insurance

- ◆ Single accounts (owned by one person) - \$250,000 per owner.
- ◆ Joint accounts (two or more persons) - \$250,000 per co-owner.
- ◆ IRAs and certain other retirement accounts - \$250,000 per owner.
- ◆ Trust accounts - \$250,000 per owner per beneficiary subject to specific limitations and requirements.
- ◆ Corporations, Partnership and Unincorporated Association Accounts - \$250,000 per corporation, partnership or unincorporated association.
- ◆ Employee Benefit Plan Accounts - \$250,000 for the non-contingent, ascertainable interest of each participant.
- ◆ Government Accounts - \$250,000 per official custodian

All account balances with the same ownership category are added together to determine the \$250,000.

TAGP is insurance outside basic coverage for the following:

- ◆ Non interest bearing transaction accounts
- ◆ IOLTA accounts
- ◆ Interest bearing transaction accounts that pay less than .50%.

What happens after June 30, 2010?

On July 1, 2010, the standard basic coverage limits will return to \$100,000 for all deposit categories except IRAs and certain retirement accounts, which will continue to be insured up to \$250,000.

How can someone find out whether their bank is participating or not?

Banks participating in TAGP must post prominent main office and branch notices using FDIC model language effective December 19, 2008.

Also, FDIC will maintain a list of financial institutions not participating in the program on the FDIC web site: www.fdic.gov

More Questions?

Call our customer information center at 817-295-1186, 972-771-5353, 817-641-9000 or 817-573-5226.