



FDIC

FDIC Insurance

*\$250,000 Coverage for
IRAs & Other
Retirement Accounts*

Effective: April 1, 2006

Sample

Questions & Answers

Introduction

This brochure describes the insurance coverage under Federal Deposit Insurance Corporation (FDIC) regulations for certain accounts commonly held by depositors in insured depository institutions. Its purpose is to help you understand the nature and conditions of FDIC deposit insurance protection.

The primary purpose of this brochure is to explain the FDIC insurance coverage of traditional IRAs, Roth IRAs, SEPs, SIMPLEs, Profit Sharing, Money Purchase, 401(k) and other retirement plan deposits.

The FDIC is an independent agency of the U.S. government. It was established by Congress in 1933 to insure bank deposits and thereby maintain sound conditions in our financial system and protect the nation's money supply in case of financial institution failure.

New legislation was signed into law in February of 2006, raising the federal deposit insurance levels on IRAs and other retirement accounts to \$250,000, from the current \$100,000. The \$250,000 limit goes into effect as of April 1, 2006. The FDIC will also gradually raise the FDIC insurance limit for regular savings accounts, checking accounts and other deposit accounts. The limits for these accounts will stay at the current level of \$100,000 until April 1, 2010. After that date, the FDIC will raise the option of increasing the \$100,000 coverage limit by \$10,000 every five years thereafter, based on inflation and other factors.

Previously, it was mandated that two separate insurance funds exist to insure deposits of banks and savings associations — the Bank Insurance Fund and the Savings Association Insurance Fund. The new law merges these two funds, which will now be called the Deposit Insurance Funds.

Your depository institution pays for the cost of the insurance through assessments. The deposit insurance fund consists of these assessments and income from the investment of the fund's balances.