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MEMBER



*Special needs require special lawyers.*

### INSIDE THIS ISSUE

- Is My Bank Account Insured?
- Ask Allie
- Distribution of This Newsletter

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## IS MY BANK ACCOUNT INSURED?

The recent failures of IndyMac Bank, 1st National Bank of Nevada, First Heritage Bank and other banks have caused many of Oast & Hook's clients to ask if their accounts are insured. There are three situations where this question comes up. In the first situation you have established a depository account in a bank in your individual name or in the name of a Revocable Living Trust. In the second situation, the bank is serving as a trustee of a trust for your benefit. We will call the first situation *bank accounts* and the second situation *trust accounts*. The third situation is a custodian account where a brokerage firm or a bank brokerage subsidiary is holding assets, such as stocks, bonds or mutual funds in an account in your individual name or the name of your Living Trust. Let's call these *custodial accounts*. You will not be surprised to find that the rules are not simple.

### Bank Accounts

**FDIC/NCUSI** –The Federal Deposit Insurance Corporation (FDIC), [www.fdic.gov/index.html](http://www.fdic.gov/index.html), insures deposit accounts at most banks and savings and loan associations. The National Credit Union Share Insurance (NCUSI), [www.ncua.gov/ShareInsurance/index.htm](http://www.ncua.gov/ShareInsurance/index.htm), fund insures deposits of credit union members. Increasingly, institutions are also offering consumers a broad array of investment products that are not deposits, such as mutual funds, annuities, life insurance policies, stocks and bonds. Unlike the traditional checking and savings accounts, or certificates of deposit, however, these non-deposit investment products are not insured

**Insurance Limits** – FDIC or NCUSI protects you against lost of your insured deposits in the event of the failure of an insured institution. If your family or you have less than \$100,000 of deposit accounts at one insured institution, then you are fully insured. If your family or you have more than \$100,000 of deposit accounts at one insured institution, then you may still be fully insured if certain requirements are met. Briefly, these requirements are the following:

**Single Accounts:** \$100,000 of insurance per insured institution.

**Joint Accounts:** Each individual is permitted to have his or her full \$100,000 coverage on joint accounts. For example, a husband and wife could have one or more accounts at the same institution covered for an aggregate maximum amount of \$200,000, with each person's interest deemed to be \$100,000.

**Revocable Living Trust (in trust for or payable on death to):** There is an additional \$100,000 insurance coverage per beneficiary.

**IRA and Keogh Accounts:** IRA and Keogh accounts are insured up to \$250,000 separately from any non-retirement accounts.

Calculators – Both the FDIC and the NCUSI offer on line calculators to assist you in determining if your accounts are fully insured: FDIC: [www4.fdic.gov/EDIE](http://www4.fdic.gov/EDIE) and NCUSI: [webapps.ncua.gov/ins](http://webapps.ncua.gov/ins).

Separate Institution – If a depositor has accounts in several different insured institutions, will the accounts be added together for the purpose of insurance coverage? No. Deposit insurance is applied to accounts in each insured institution. A depositor who has accounts in two or more different insured institutions would have coverage up to the full insurable amount in each institution. In the case of an institution having one or more branches, the main office and all branch offices are considered as one institution.

FDIC and NCUA Coverage – How do you determine if an institution is insured? An insured institution must display an official sign (FDIC or NCUA) at each teller window or station where deposits are regularly received. To determine if a specific institution is insured, contact the FDIC or NCUA.

### **Trust Accounts**

If a bank or other financial institution is acting as a trustee of a trust of which you are a beneficiary, then the issue is different. As a general rule, trustees do not invest in their own stock nor do they hold money in depository accounts in their own institution. Trust assets are usually invested in stocks or bonds of outside companies. For example, a bank may have investments in Exxon/Mobil, Google, Goldman Sachs, or Target. If the bank serving as trustee fails, then your investments would be safe as long as the underlying companies in which the trustee invested remain sound.

### **Custodial Accounts**

Securities you own, including mutual funds, that are held for your account by a broker or a bank's brokerage subsidiary are not insured against loss in value. The value of your investments can go up

or down depending on the demand for them in the market. The Securities Investors Protection Corporation (SIPC), a non government entity, [www.sipc.org](http://www.sipc.org), replaces missing stocks and other securities in customer accounts held by its members up to \$500,000, including up to \$100,000 in cash, if a member brokerage or bank brokerage subsidiary fails. Many brokerages firms and bank brokerage subsidiaries provide additional insurance in excess of the amounts provided by the SIPC.

### Ask Allie

O&H: Allie, last week you said that you would talk about pets going on vacation with their humans.

Allie: Yes, the first tip I want to talk about is taking your pet in the car. Christina Selter, pet safety expert and founder of Bark Buckle Up, recommends that you secure your pet in the car, so that your pet does not become a projectile in case of an accident (hurting the driver, passengers or itself), or run out of the car and be injured (or bite the responder). For cats and smaller dogs, pet carriers or small crates are best, and the carriers can be further secured with a seatbelt or other restraint. For larger dogs, there are harnesses, seat belt attachments, specially-designed pet car seats, as well as vehicle barriers. You can refer to [www.barkbuckleup.com](http://www.barkbuckleup.com) for further information on this important pet safety subject. Please remember, only take your pets along when the ride will be safe and comfortable for them. If you need help in deciding when to take your pets along, please visit [www.eriesense.com](http://www.eriesense.com).



Please feel free to e-mail your questions to Allie at: [allie@oasthook.com](mailto:allie@oasthook.com).

### Distribution of This Newsletter

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