Jane Walstedt: Now I would like to ask Jessica Brown, a Program Analyst in the Women’s Bureau’s Regional Office in Philadelphia to introduce our first speaker. Jessica.

Jessica Brown: Thank you. Kathleen Nagle currently serves as Associate Director for Consumer Protection at the FDIC’s Division of Supervision and Consumer Protection in Washington DC. In this position she is responsible for the FDIC’s Consumer Affairs Program and Deposit Insurance Outreach Program.

Kathy assumed this position in January 2008, but has been with the FDIC for some time. Before accepting her current position Kathy headed FDIC’s Deposit Insurance Outreach Program and was responsible for implementing national initiatives to educate the public and the banking industry about federal deposit insurance coverage.

Before joining the FDIC Kathy held senior management positions at the Resolution Trust Corporation and the Federal Savings and Loan Insurance Corporation, where she was responsible for implementing national policies for the payment of deposit insurance at failed savings associations.

Kathy also served as a Senior Financial Analyst at the former Federal Home Loan Bank Board’s Office of District Banks, where she assisted in the development of policies governing the operations of the federal home loan bank system. Welcome, Kathy.

Kathy Nagle: Thank you, Jessica. I thought I’d start with a little bit of background about the FDIC. For those of you who may not know, the FDIC was created in 1933 during the Great Depression. And its creation was a response to the
unprecedented number of bank failures that occurred after the stock market crash in 1929.

By 1933, when the FDIC was established, thousands of banks had failed, and the American public had lost confidence in banks, and runs on banks were common. The FDIC was created to restore public confidence in the country’s banking system by providing a federal government guarantee for bank deposits.

The FDIC guarantee ensures that money you deposit in banks and savings associations, including your principal and any accrued interest up to the FDIC’s insurance limit, is absolutely safe if your bank were ever to fail. This has been the FDIC’s primary mission for the past 75 years, and I can tell you the FDIC takes great pride in being able to say that during this time, no depositor at an FDIC-insured bank or savings association has ever lost a single penny of any of their insured deposit.

The key to making sure whether your money in banks is 100% safe is knowing the answers to three basic questions about your FDIC insurance coverage. The first thing you need to know is whether or not your bank is covered by FDIC insurance. And this is something that’s pretty easy to determine. Today virtually all banks and savings associations operating in the United States are required to have FDIC insurance coverage. To be sure though, you can always just look for the FDIC sign at your bank.

All banks that have FDIC coverage are required to post a sign in their retail offices, and typically you’ll find this sign at the teller’s station where you transact business. Besides that, if you ever have any questions about whether a bank is insured, you can always check with the FDIC. The FDIC has a look-up tool that you can use to verify your bank’s coverage, and that’s at
The second thing you need to know is what kind of bank products are covered by FDIC insurance and whether the products you buy at the bank -- your bank -- are covered. FDIC insurance covers bank deposits only. Bank deposits include money you might have in a checking or a NOW [Negotiable Order of Withdrawal] account, money in a savings account, money market deposit accounts and certificates of deposit.

There are a number of investment products that you commonly see sold at banks though that are not deposits and therefore are not covered by FDIC insurance. Non-deposit investment products that you might find sold at your bank that are not insured by FDIC include insurance policies; annuities; shares in mutual funds that invest in stocks, bonds or other securities. Bank stock is not insured by the FDIC. Municipal bonds, that type of thing, are not covered by FDIC insurance.

Because there is such a potential…because there’s so many different products that are sold at banks and because there’s the potential for customer confusion, one way you can know whether or not your products are insured is [that] all FDIC-insured institutions are required to tell customers who may be considering purchasing one of these products that don’t carry FDIC insurance coverage…they’re required to tell them -- disclose in writing-- that that product is not covered by FDIC.

The third question you need to answer to make sure you money is fully covered is how much FDIC insurance coverage is available for your particular deposit. This question can be a little bit more difficult to answer, and it does require some knowledge of how FDIC coverage works.
From 1980 until just last month the basic FDIC insurance limit was $100,000 per depositor per insured bank. This means that all of the deposits you might have at one FDIC-insured bank totaling up to $100,000 or less were fully covered by FDIC insurance, and that’s no matter what.

In October of this year, however, in response to the current financial crisis and the concerns that are ongoing about public confidence in banks, the United States Congress authorized a temporary increase in the basic FDIC insurance limit from $100,000 to $250,000. This increase in coverage is now in effect, and it’s in effect for all deposits at all insured banks and savings associations through the end of 2009 - the end of next year.

After that then the coverage will go back to the $100,000 per depositor that’s been in effect for almost 20 years now. The only exception to this is that coverage for individual retirement accounts and deposits that might be held in a similar self-directed retirement plan will continue to be insured up to $250,000 per owner after 2009. Coverage for these deposits - retirement accounts--was increased by Congress a couple of years ago actually.

When you’re looking at your coverage it’s also important to realize that the insurance limits applies to all deposits that a person has at one insured institution in the same ownership capacity. The FDIC will provide separate coverage for deposits that a person may hold in their name alone, and this coverage is separate from any coverage they might have for deposits they might own jointly with another person, such as their spouse.

And that’s separate from coverage they might hold in their IRAs or other self-directed retirement accounts, which in turn is also separate from coverage that they may hold in any revocable or irrevocable trusts that they own.
Because coverage is provided for these different categories of ownership--in different ownership capacities--a person can qualify for substantially more than the $250,000 insurance limit if they hold deposits in these different categories. For example, currently with the $250,000 limit that’s in place one person can have one or more deposit accounts titled in their name alone that would be insured up to $250,000.

Then the same person could have one or more joint accounts with their spouse or with another person that would be insured up to $250,000 for each owner, and that would come out to $500,000 in coverage for all joint accounts that these two people own at one bank.

And then in addition she can also have up to $250,000 in IRA deposits. So in this example total coverage for all of her deposits at one bank would be $1 million under the existing $250,000 insurance limits. And this coverage does not include any trust deposits she might have. She might actually be able to qualify for even more coverage if she were to have trust deposits.

There are certain rules that must be met in order for a depositor to qualify for coverage over $250,000 at one bank. **That’s why we strongly encourage depositors who do have more than that amount in one bank to check with the FDIC to confirm coverage.** If you go to the FDIC’s Web site and in particular to [www.fdic.gov](http://www.fdic.gov), you can use the FDIC’s insurance deposit… Electronic Deposit Insurance Estimator to verify your coverage at one bank.

This calculator--we call it EDIE--will ask you some questions about all your deposits at one bank, and then you’ll be able to generate a report that you can print out that will give you a summary of your coverage at the bank. Alternatively you can always call the FDIC at 1-877-ASK-FDIC.
And also, for anyone who wants to learn more about FDIC insurance coverage, there’s a lot more information to be read on the FDIC’s Web site at www.fdic.gov.

Before I close, the one thing I do want to mention is to give you an overview of how FDIC would pay depositors if your bank were to fail. The FDIC usually pays insurance depositors with failed banks by transferring the insured’s portion of the deposit accounts to another FDIC-insured institution.

We do this because it assures that there’s no interruption in service for depositors. You’d be able to continue to write your checks or use ATMs as usual. Alternatively, if we are not able to transfer the deposits to another bank, what we would do is actually issue you a check for the amount of your insured account, but that’s something that’s done very infrequently.

When your bank fails, you’ll have access to your deposits up to the insurance limits within just a few days. Historically we really…we’ve begun paying depositors on the next business day after the bank is closed. And then depositors do receive the entire amount of their principal and accrued interest up to the insurance limit at the time that the bank failed.

Again, there’s lots more information on our Web site about FDIC insurance, and we do have, again, deposit insurance specialists at our toll free number--877-ASK-FDIC--who can always provide more information about FDIC coverage and how it works.

And with that I’m going to close and pass it on to the next speaker.

Jane Walstedt: Thank you, Kathleen. That was very good basic information, and you must have been reading my mind, because I was wondering myself when the FDIC was created, and so we were on the same wavelength. And also I did go onto
the FDIC Web site today, and I saw the calculator you were talking about, and I used it, and I guess it’s a campaign you have with Suze Orman.

Kathy Nagle: Suze Orman, right. We have a public service campaign that we started earlier this year, and it’s a campaign to make…increase public awareness of the calculator, and the basic message of the campaign is you can’t lose any money if you know you’re insured and make sure you’re fully insured. And we suggest EDIE as the way you can check that out.

Jane Walstedt: Great. And it’s on the top right hand corner of your homepage I noticed.

Kathy Nagle: Right. Right there with the picture of Suze Orman.

Jane Walstedt: Right. Exactly. Well, again, thanks again.