

THE B&B ALERT

(800) 533-7227



**Begley &
Bookbinder, PC**
ATTORNEYS AT LAW
COMMITTED TO EXCELLENCE
Specializing in Elder & Disability Law

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Please visit us on the World Wide Web at: www.begleylawyer.com

IS MY ACCOUNT INSURED? ***By Thomas D. Begley, Jr., Esquire***

Is My Account Insured?

The recent failure of IndyMac Bank has caused many of our 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 an 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 bridge 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*. As you will not be surprised, the rules are not simple.

BANK ACCOUNTS

FDIC/NCUSI: The Federal Deposit Insurance Corporation (FDIC), <http://www.fdic.gov/index.html>, insures deposit accounts at most banks and savings & loan associations. The National Credit Union Share Insurance (NCUSI), <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, savings account, 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 a insured institution. If you or your family have less than \$100,000 of deposit accounts at one insured institution, you are fully insured. If you or your family have more than \$100,000 of deposit accounts at one insured institution, you may still be fully insured if certain requirements are meet. Briefly these requirements are as follows:

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 trust (in trust for or payable on death to): There is an additional \$100,000 per beneficiary 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: <http://www4.fdic.gov/EDIE/> and NCUSI: <http://webapps.ncua.gov/ins/>

Separate Institutions: 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 a institution having one or more branches, the main office and all branch offices are considered as one institution.

FDIC or 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. Generally, commercial banks, savings and loan associations, savings banks and credit unions are insured.

TRUST ACCOUNTS

If a bank or other financial institution is acting as a trustee of a trust of which you are a beneficiary, 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 institution. Trust assets are usually invested in stocks or bonds of outside companies. For example, a bank may have investment in Exxon/ Mobil, or Google or Goldman Sachs or Target. The bank serving as trustee fails, your investments would be safe so long as the underlying companies remain sound.

CUSTODIAL ACCOUNTS

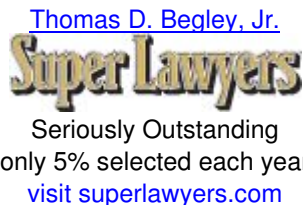
Securities you own, including mutual funds, that are held for your account by a broker, or a bank's brokerage subsidiary are not insured against loss in value. The value of your investments can go up or down depending on the demand for them in the market. The Securities Investors Protection Corporation (SIPC), a non government entity, <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 provide additional insurance in excess of the amounts provided by the SIPC.



Announcements

Begley & Bookbinder is please to announce that we have added our Preferred Client Program Video to our website. To view please visit our website at www.begleylawyer.com.

Thomas D. Begley, Jr., has been named as one of New Jersey's Super Lawyers.



Dana Bookbinder has been named as one of the *Rising Stars* for 2008. Only 5% of the lawyers in the state are listed in Super Lawyers, and only 2.5% of the lawyers in the stare are listed in *Rising Stars*.

The selections for *Super Lawyers* and *Rising Stars* are made by *Law & Politics*, a division of Key Professional Media Inc. of Minneapolis, Minnesota. Each year, *Law & Politics* undertakes a rigorous multi-phase selection process that includes a statewide survey of lawyers, independent evaluation of candidates by *Law & Politics'* attorney-led research staff, a peer review of candidates by practice area, and a good-standing and disciplinary check.

Speakers

If you are interested in having an Elder & Disabilities Law Attorney from Begley & Bookbinder speak at an event, please contact Colleen Caruso at (856) 787-4237.

Begley & Bookbinder

Begley & Bookbinder, P.C. is an Elder & Disability Law Firm with offices in Moorestown, Stone Harbor and Lawrenceville, New Jersey and Oxford Valley, Pennsylvania and can be contacted at 800-533-7227. The firm services southern and central New Jersey and eastern Pennsylvania.

The Firm provides services in connection with protecting assets from nursing home costs, Medicaid applications, Estate Planning and Estate Administration, Special Needs

Planning and Guardianships. If you have a legal problem in one of these areas of law, contact Begley & Bookbinder at 800-533-7227.

Begley & Bookbinder has prepared **Special Reports** concerning:

- ❖ *Planning for Long Term Care*
- ❖ *Estate Planning for Parents with Children with Disabilities*
- ❖ *Understanding Estate Planning*
- ❖ *Estate Administration*
- ❖ *Blended Families*
- ❖ *Bloodline Trusts*
- ❖ *Vacation Area Homes – Tax and Management Issue*
- ❖ *Special Needs Trusts*
- ❖ *Utilizing Special Needs Trusts in Matrimonial Cases.*
- ❖ *Using Special Needs Trust to Protect Public Benefits*
- ❖ *Resolving Your Nursing Home Medicaid Application Challenge*
- ❖ *Domestic Partners*
- ❖ *Providing for Your Pet*
- ❖ *Providing for Your Grandchildren*
- ❖ *Charitable Giving*
- ❖ *Planning for Your Business*

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Our web site contains a library of firm newsletters, articles, on-line forms for Medicaid, Estate Planning and Guardianship, as well as our upcoming speaking engagements, our products, and other relevant information.

If you have any comments, e-mail us at ccarusobegleylawyer.com

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