

Demystifying FDIC Coverage

Presented By:

Access National Bank

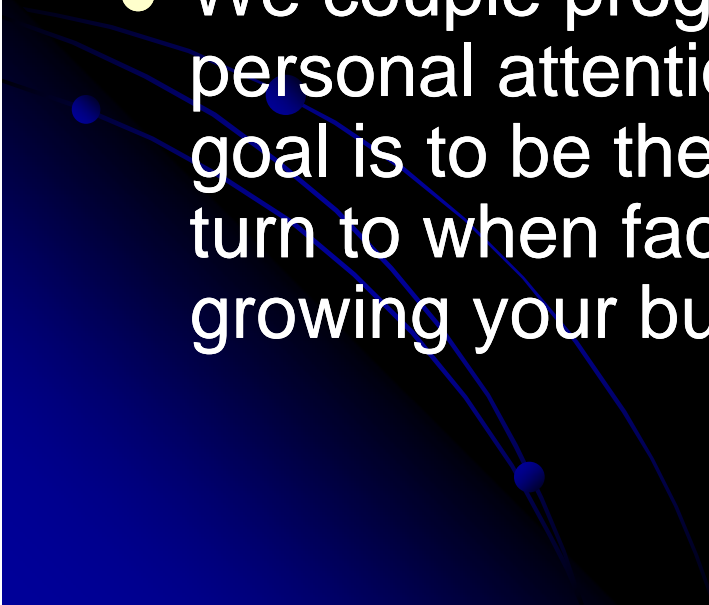
progressive business banking

www.accessnationalbank.com

(703) 871-2100



About Access National Bank

- Access National Bank is a community bank headquartered in Reston, Virginia.
 - Our mission is to provide progressive and superior financial solutions to the communities that we serve.
 - We couple progressive banking services with personal attention and responsiveness. Our goal is to be the first financial resource that you turn to when faced with the challenges of growing your business.
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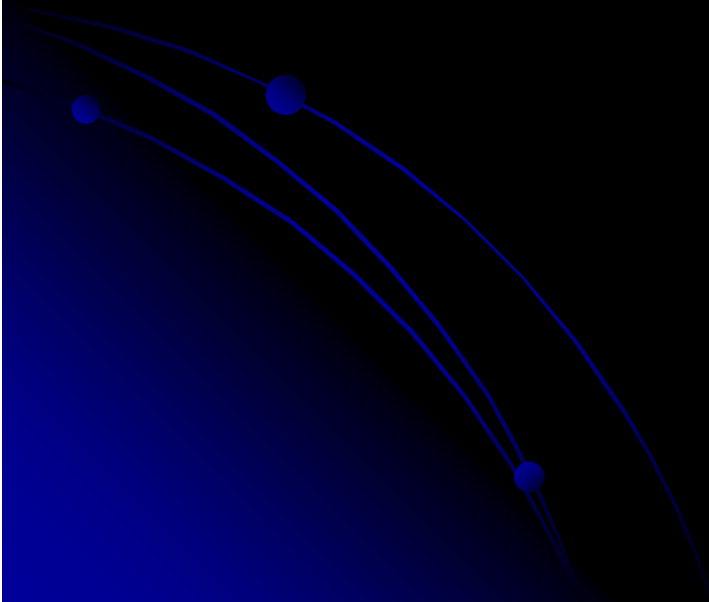
What Happened?

- Not too long ago the financial sector was booming and then it all started to slide.
 - Freddie Mac, Fannie Mae and Lehman Brothers crumbled
 - Merrill Lynch is acquired by Bank of America
 - Washington Mutual declares insolvency resulting in the largest bank failure in U.S. history
 - Confidence in the financial markets sank to an unprecedented low.

Is there any good news?

YES!

To improve confidence the FDIC significantly increased deposit insurance coverage.

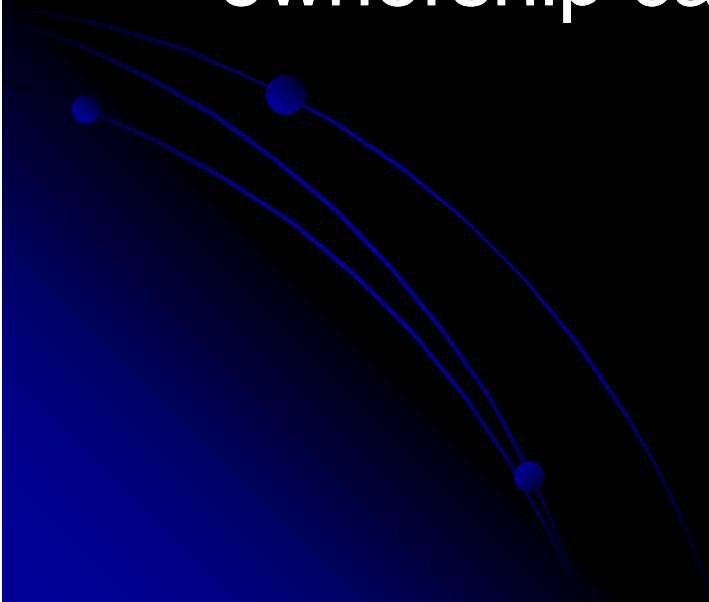


What's New?

- In October 2008 Congress passed the Temporary Liquidity Guarantee Program (TLGP), a new law that temporarily increased the basic limit on FDIC deposit insurance coverage from at least \$100,000 to at least \$250,000 per depositor. In most cases this coverage is in effect through December 31, 2009.
- This means that if you (or your family) have \$250,000 or less in all of your deposit accounts at the same insured bank, you don't need to worry about your insurance coverage – your deposits are fully insured.

FDIC Coverage 101

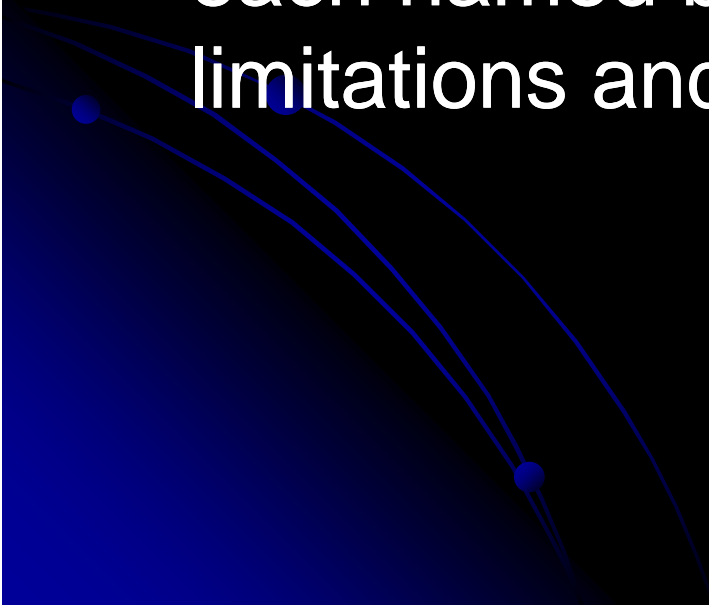
- You may qualify for more than the basic insurance coverage at one insured bank as the FDIC provides separate insurance coverage for deposits held in different “ownership categories”.



“Ownership Categories”

- Single accounts (in one name only) are insured up to \$250,000.
- Joint accounts (for two or more people are insured up to \$250,000 per account owner. (i.e. 2 owners coverage equals \$500,000)
- Certain retirement accounts, including IRA's, are covered up to \$250,000. This is in addition to non-qualified coverage.

“Ownership Categories” continued

- Revocable trust accounts (deposits intended to pass along to named beneficiaries when the account owner dies) can be protected up to \$250,000 for each named beneficiary, subject to limitations and requirements.
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Unlimited Coverage

- Under the Temporary Liquidity Guarantee Program (TLGP) certain checking accounts at participating institutions will be fully insured by the FDIC no matter how much money is in them. This special coverage applies only to non-interest checking accounts and certain other low-interest transaction accounts.
- A listing of institutions not participating in the TLGP is available at www.fdic.gov/regulations/resources/tlgp/index.html

Who can help me make sure my deposits are fully FDIC covered?

- Your Banker
- EDIE – a web based interactive tool provided by the FDIC.
www.FDIC.gov/EDIE
- Contact a FDIC information specialist at
1-877-ASK-FDIC

Fact vs. Fiction

- **FACT:** You may be able to qualify for more than \$250,000 in FDIC insurance coverage - \$250,000 is NOT the maximum for one person.

Deposit insurance is based on how much money you have in different “ownership categories” (single, joint revocable trust, and certain retirement accounts).

Fact vs. Fiction

- **FACT:** FDIC insurance coverage is based on the deposits a person holds in one bank – NOT how many accounts there are or the number of branches used.

Contrary to some misconceptions, dividing money into multiple accounts or taking it to different branches will not increase your insurance coverage beyond what each owner is entitled to.

Fact vs. Fiction

- **FACT:** Deposit insurance for joint accounts is based on the names listed as owners – changing the order of name or Social Security numbers will **NOT** increase the coverage.

Many depositors mistakenly believe that by changing the order of Social Security numbers, rearranging the names listed on joint accounts, or substituting “and” for “or” in account titles will increase their coverage.

Additional Coverage Options CDARS

What is CDARS?

Certificate of Deposit Account Registry Service is a service that allows a bank to provide its customers with access to full FDIC insurance on CD investments up to \$50 million. This service is available to businesses, non-profits, public funds and consumers.

How Does CDARS Work?

- Banks that offer CDARS are members of a special network.
- When a client places a large deposit with a participating bank, the bank can place the funds into certificates of deposit issued by other bank in the network – in increments of less than \$100,000 – so that both principal and interest are eligible for complete FDIC protection.

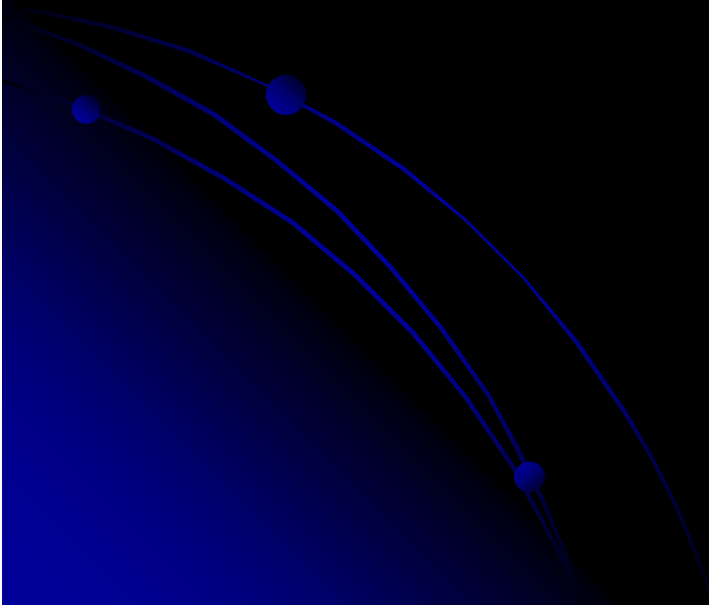
Why CDARS?

- **Rate & Safety.** Deposits earn CD-level returns and are eligible for FDIC insurance above \$100,000.
- **Convenience.** Clients work through a single bank and enjoy time-saving benefits.
 1. One Agreement
 2. One Interest Rate
 3. One Account Statement

Are All Bank CDARS Participants?

- No.

To obtain a list of network members go to
www.cdars.com



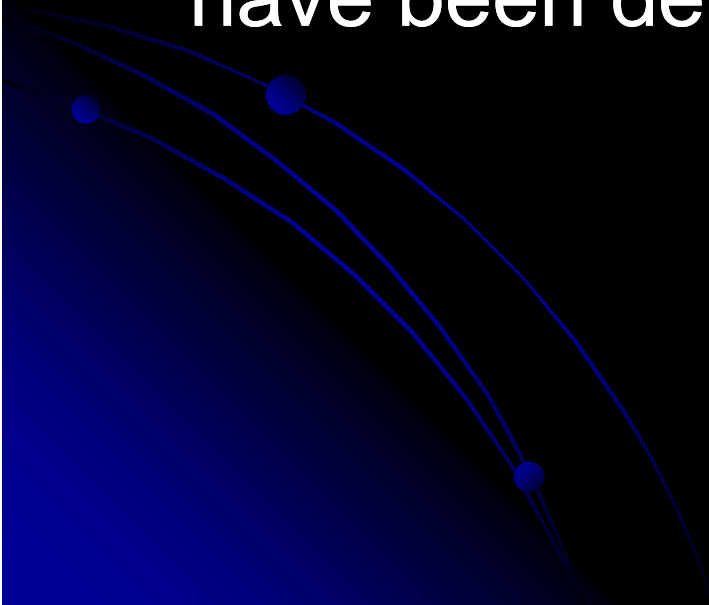
Alternative Product

Repurchase Agreements

- For businesses with cash in excess of \$250,000 a Repurchase Agreement is the safest overnight cash investment one can make.
- While it is not a FDIC insured deposit, it is an arrangement where the bank exchanges ownership in US Treasury or Agency Securities with you in exchange for cash and pays you interest.

Alternative Product

Repurchase Agreements (continued)

- Each \$1 in this arrangement is guaranteed to be \$1 coming out.
 - In the event the bank failed, the investor has a claim against the Securities that have been detailed in the required notice.
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Bank Products That FDIC Does Not Insure

1. Investment in mutual funds, including money market mutual funds that invest in stocks, bonds and other securities.
2. U.S. Treasury securities (Note: U.S. Treasury securities are backed by the full faith and credit of the United States Government.)
3. Annuities, which are contracts underwritten by insurance companies guaranteeing income in exchange for a lump sum or periodic payment
4. Stock, bonds or other securities
5. Insurance products such as automobile and life

QUESTIONS?

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