Insurance Coverage and Ownership Categories

If you would like, print this study aid for future reference.

In addition to being based on a per-depositor, per-bank basis, deposit insurance coverage is also based on the account ownership category in which the funds are being held. Depositors can exceed the Standard Maximum Deposit Insurance Amount (SMDIA) of $250,000 when deposits are held in different/multiple account ownership categories and the requirements are met. Each account ownership category has specific requirements that must be met to receive the coverage under that category. The most common account ownership categories for individual and family deposits are:

- Single Accounts
- Joint Accounts
- Revocable Trust Accounts
- Self-Directed Retirement Accounts

**Single Accounts**
A single account is a deposit account owned by one natural person and titled in that person’s name only, with no beneficiaries. All of your single accounts at the same insured bank are added together, and the total is insured up to the SMDIA of $250,000 per person.

**Joint Accounts**
A joint account is a deposit account owned by two or more natural persons with no beneficiaries. Each co-owner must have equal withdrawal rights to the account and must personally sign the account signature card. Deposit insurance coverage for joint accounts is $250,000 per depositor for the sum total of all jointly held accounts co-owned by that depositor.

**Certain Retirement Accounts**
A certain retirement account is a self-directed retirement account for which the owner, not a plan administrator, has the right to direct how the funds are invested, including the ability to direct that the funds be deposited at a specific FDIC-insured bank. The most common self-directed retirement accounts are Individual Retirement Accounts (IRAs), including: traditional IRAs, Roth IRAs, Simplified Employee Pension (SEP) IRAs, and Savings Incentive Match Plans for Employees (SIMPLE) IRAs.

The owner of a self-directed retirement account must be a natural person. Additionally, all deposits in this category and at the same insured bank are added together and the total is insured up to the SMDIA ($250,000 per person). The naming of a beneficiary or beneficiaries will not increase coverage.
Revocable Trust Accounts
A revocable trust account is a deposit account owned by one or more natural persons, which indicates an intention that the funds will pass to one or more named eligible beneficiaries upon the death of the owner. There are two types of revocable trust accounts, Formal and Informal:

- Informal trust accounts are Payable on Death (POD) and In Trust For (ITF) accounts (also known as testamentary or Totten Trust accounts) created when the account owner signs an agreement at the bank stating that deposits will be payable to one or more beneficiaries upon the owner’s death.
- Formal trust accounts are living or family trusts created by an attorney for estate planning purposes.

In general, revocable trust accounts are insured up to $250,000 per owner for each eligible beneficiary if all of the category requirements are met.

Determining coverage for revocable trust accounts can be complicated. For additional information on deposit insurance coverage for revocable trust accounts or any of the other accounts discussed, please contact the FDIC at 1-877-275-3342.