From the desk of Jeanne M. Kerkstra, Esq., CPA

Viewpoint
A Scary Thought - How Safe Is Your Money?

The FDIC recently changed its rules concerning "insured" accounts. Do you know how much of your money is covered? Why should you care? The FDIC continues to reiterate that no one has ever lost any money in FDIC insured accounts. However, what constitute "FDIC insured"?

The Midwest is not insulated from the financial crisis. Recently, the Meridian Bank in Aldridge, Illinois failed. This is the first Illinois bank in six years to fail. Most certainly, more will be coming.

On October 24, Alpha Bank and Trust in Alpharetta, Georgia failed. It had almost $3.1 million in uninsured deposits held in approximately 59 accounts that potentially exceeded the FDIC insured limits. **That means that on average each of these 60 bank accounts could lose $50,000. What if that was your money?**

Through December 31, 2009, the FDIC has raised its deposit insurance coverage limits from $100,000 to $250,000. **However, these limits are subject to specific limitations and requirements.** The rules depend not only on the type of account but also the beneficiaries. When a bank fails, the FDIC asks whether it is an informal trust arrangement (e.g., Payable on Death), formal Revocable Trust, Irrevocable Trust, payroll account or other type of account.

For those with formal Revocable Trusts that are properly funded, what is at risk - e.g., in excess of the FDIC insured amount? A tricky analysis is required to arrive at the correct answer.

For business owners, it will soon be necessary to know whether your bank is opting out of the FDIC's Temporary Liquidity Guarantee Program. It makes a **big** difference in terms of coverage.

We will guide you through the maze of new FDIC rules and analyze not only what is "FDIC insured" but if your current structure is right for this "once in a century" financial crisis.

So remember, in today's economic upheaval, do not leave anything to chance. Call us today for answers.

Jeanne M. Kerkstra, Esq., CPA KERKSTRA LAW OFFICES LLC 53 W. Jackson Blvd. Suite 1530 Chicago, IL 60604 312.427.0493 312.675.0500 (fax) jmk@kerkstralaw.com	KERKSTRA LAW OFFICES LLC Problem? Solved. ® asset protection • estate planning corporate work • business succession planning forensic investigation• litigation and more

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