



MARSHALL LOEB'S DAILY MONEY TIP

Sanctuary for hefty sums

By Marshall Loeb, *CBS.MarketWatch.com*
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NEW YORK (CBS.MW) — Finding sanctuary for a hefty sum can be a challenge.

The federal government only insures bank accounts up to \$100,000. That means you may have to divvy up your savings among several banks and in different accounts. Perhaps you'll even use the names of individual family members.

At best, this is a nuisance; at worst, it can lead to oversights and costly mistakes.

A new program solves the problem.

It's called Certificate of Deposit Account Registry Service or CDARS, pronounced "cedars." It allows investors to place up to \$5 million in CD accounts at one bank. The Federal Deposit Insurance Corporation insures the entire amount.

CDARS is run by a financial intermediary company known as the Promontory Interfinancial Network. Eugene Ludwig, former U.S. comptroller of currency, founded it last year.

Here's how it works. If an investor wants to deposit, say, \$500,000 in CDs, he goes to his local bank, which must be a member of the Promontory network. The bank breaks the \$500,000 into six parts of under \$100,000 each, leaving room for interest to accumulate.

Using a central computer system, Promontory swaps the funds with other banks, who issue CDs. Each CD is under \$100,000, and is federally insured.

The account holder receives one statement from his or her bank detailing the CDs and their return.

For a list of nearly 500 banks that offer CDARS, visit www.cdars.com or call 866-776-6426.

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