



## Sleep well knowing your entire deposit is insured

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By Helen Huntley, Times Personal Finance Editor  
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Countrywide Bank ran full-page ads in the Times and other newspapers last week to announce that its FDIC-insured deposits are safe no matter what happens in the mortgage market.

I'm sure some Countrywide depositors were relieved by that reminder, but it had to be unsettling for those whose accounts exceed the insurance limits.

From my perspective, there's little reason for any individual to have uninsured deposits in any bank. If you've got more than \$100,000 in an individual account or more than \$250,000 in a retirement account, you should be thinking about how to get the excess covered by the FDIC.

You can, of course, open accounts at multiple banks. But there are at least two other ways to increase coverage.

People who are interested in sharing their wealth with spouses and children can expand their coverage limits through additional accounts with co-owners or "payable on death" beneficiaries. For more details, get the booklet "Your Insured Deposit" from the FDIC Web site [www.fdic.gov](http://www.fdic.gov) or by calling toll-free 877-275-3342.

A less well-known option is the Certificate of Deposit Account Registry Service, or CDARS, run by Promontory Interfinancial Network. You buy a CD from one of the 1,700 participating institutions and your deposit is parceled out to other banks, qualifying you for up to \$30-million in FDIC coverage. The limit is expected to increase in the future for those who want even more coverage.

CDARS allows small banks like Liberty Bank in Clearwater, with \$86-million in assets, to compete for deposits with the big banks, said president David Stone.

"There's a perception at least that the larger banks are considered too big to fail but that if a small bank gets into trouble, they won't hesitate

to allow it to fail," he said. CDARS "has enabled us to get some deposits that we would not otherwise have gotten because we're able to insure the full amount."

Promontory charges banks a sign-up fee, which ranges from \$4,000 to \$35,000, depending on asset size, and transaction fees. A bank that takes in a deposit can either sell it or swap it for other deposits within CDARS. The customer deals only with the original bank and pays no extra fee.

About a dozen Tampa Bay-area banks participate in CDARS, including Bank of Florida-Tampa Bay, BB&T, Encore Bank, First Commercial Bank of Tampa Bay, First Community Bank of America, Flagship Community Bank, Liberty Bank, Patriot Bank and Pilot Bank. A couple of others don't advertise their participation. More information is available at [www.cdars.com](http://www.cdars.com).

### Your questions

**Question:** A friend told me about a bank that went under and people received only 22 cents on the dollar. Could that be true?

**Answer:** If a bank fails, FDIC-insured deposits are paid out in full. Payments on uninsured deposits will vary depending on the assets of the bank.

### Have a story to tell? I'm willing to listen.

How have you been affected by the turmoil in the mortgage market? Have you found it more difficult to get a mortgage? Are you caught in a rising adjustable rate loan? Been unable to sell a house because your would-be buyer can't get a mortgage? Please respond by blog, e-mail or mail, including your first and last name, and the city where you live.

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