

Changes in FDIC Deposit Insurance Coverage

In October 2008, FDIC updated its deposit insurance programs, providing depositors two levels of coverage through December 31, 2009.

The first level is increased coverage (from \$100,000 to \$250,000) for funds in deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit (CDs). The \$250,000 limit is a total coverage limit that applies to accounts of a depositor held in the same capacity (e.g. single ownership account, joint account) at any single chartered bank. After December 31, 2009, the general FDIC limit will revert to \$100,000.

Each separately chartered UMB Bank is also participating in the second level of coverage, the FDIC's voluntary Transaction Account Guarantee Program. Under that program, through December 31, 2009, all non-interest bearing transaction accounts are fully guaranteed for the entire amount in the account. Coverage under the Transaction Account Guarantee Program is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules. The definition of a non-interest bearing transaction account generally includes traditional checking accounts that allow for an unlimited number of deposits and withdrawals at any time, and pay no interest. However, for the purposes of this new rule, the definition also includes IOLTA accounts (interest on lawyer trust accounts) and interest-bearing checking ("NOW") accounts that pay interest at a rate not to exceed 0.50% through December 31, 2009.

The Transaction Account Guarantee Program does not cover simple savings accounts, premium savings accounts, certificates of deposit, NOW accounts on which the interest rate can exceed 0.50% (interest-bearing transaction accounts held by individuals, sole proprietors, governmental or nonprofit entities) or daily investment accounts. However, the \$250,000 in basic FDIC deposit insurance will continue to cover these deposits (see discussion above).

Also note that funds swept out of non-interest bearing transaction accounts into interest-bearing accounts or non-deposit investment products (e.g., mutual funds, Treasury securities, etc.) are not covered by the FDIC's Transaction Account Guarantee Program. Funds swept into another deposit account would be insured under general FDIC rules.

Funds swept into non-deposit investment products:

- are not insured by the FDIC or any other government agency;
- are not a deposit or other obligation, or guaranteed by, UMB Bank; and
- are subject to investment risks including the possible loss of the principal invested.

