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Statement of Position FDIC Rules for Government Deposits

Coverage Limits

The Federal Deposit Insurance Corporation (FDIC) deposit coverage limit for bank depositors is \$250,000. If the depository bank is located in the State of Minnesota, government depositors are eligible for two separate \$250,000 coverages: one for all time/savings accounts and one for all demand accounts. For deposits in banks outside the State of Minnesota, government depositors have a total coverage of \$250,000 for all demand and time/savings deposit accounts combined.

Since July 21, 2011, banks have been allowed to pay interest on demand deposit accounts. However, Negotiable Order of Withdrawal (NOW) accounts continue to be classified as saving accounts by the FDIC.¹ As a result, accounts held by an official custodian of a government unit will be insured as follows:

In-State Accounts

- Up to \$250,000 for the total combined amount of all time and savings deposit accounts (including NOW accounts), and
- Up to \$250,000 for all demand deposit accounts (interest-bearing and noninterest-bearing).

Out-of-State Account

- Up to \$250,000 for the combined total of all deposit accounts.

FDIC: Electronic Deposit Insurance Estimator (EDIE)

The FDIC has set up a deposit insurance calculator, or Electronic Deposit Insurance Estimator (EDIE) for depositors, including governments, to determine the amount of coverage available for their deposits. To access EDIE, go to the FDIC website at:

<https://www.fdic.gov/edie/calculator.html>

¹ NOW accounts are authorized by 12 U.S.C. §1832 and are designated by the FDIC as savings accounts. 12 C.F.R. 561.29.

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This Statement of Position is not legal advice and is subject to revision.

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FDIC-Guaranteed Bank Bonds

The FDIC adopted a Temporary Liquidity Guarantee Program to help banks increase their liquidity. For a discussion of this FDIC program and its rules, see our Statement of Position entitled “Status of FDIC-Guaranteed Bonds under Minnesota Law.”