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Understanding FDIC and SIPC Insurance: What You Need to Know

Navigating the world of financial protections can be complex, especially when it comes to understanding the different types of insurance available for your deposits and investments. Two key players in this realm are the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). While both organizations aim to safeguard your money, they do so in distinct ways.

The **Federal Deposit Insurance Corporation (FDIC)** is a U.S. federal agency that safeguards deposit accounts, such as checking and savings accounts, in the event of a bank failure. COUNTRY Trust Bank is not a traditional depository bank and is not covered by FDIC. Here are some key points about FDIC insurance:

- **Coverage Limits**: The FDIC insures up to $250,000 per account holder per insured bank for deposit accounts, and an additional $250,000 for separate account ownership categories[1]. Trust accounts are covered up to $250,000 per beneficiary up to a maximum of $1,250,000. These limits include both principal and accrued interest.
- **Multiple Accounts Example**: If you have $250,000 in a single ownership account at a bank and $250,000 in a joint ownership account at the same bank, both are fully insured. If the bank were to fail, the FDIC would ensure you received $500,000.
- **Not Covered**: The FDIC does not cover investments in stocks, bonds, mutual funds, life insurance policies, annuities, municipal securities, crypto and money market funds, even if purchased through an insured bank.
- **Credit Unions**: The National Credit Union Administration (NCUA) has a similar insurance fund and rules covering federally insured credit unions through the National Credit Union Share Insurance Fund (NCUSIF).

For more detailed information, you can visit the FDIC's official website at https://www.fdic.gov/.

On the other hand, the **Securities Investor Protection Corporation (SIPC)** is a nonprofit membership corporation established by federal statute in 1970. SIPC protects customers of SIPC-member broker-dealers if the firm fails financially and assets are missing from customer accounts. SIPC doesn’t protect against market losses. COUNTRY Trust Bank is not a broker-dealer, and its customers are not protected by SIPC. Here are the main points about SIPC insurance:

- **Coverage Limits**: SIPC covers up to $500,000 per customer for each separate capacity[2] account at the same institution, including a maximum of $250,000 for cash.
- **Multiple Accounts Example**: If you have a Traditional IRA and a Roth IRA that are invested in securities, then SIPC coverage would apply separately up to $500,000 for each. But if you had two individual brokerage accounts at the same firm worth $500,000 each, your coverage would be only $500,000 total as they are the same account type.
- **Not Covered**: SIPC does not protect against market losses, as these are considered a normal part of investing.

For more detailed information, you can visit the SIPC's official website at https://www.sipc.org/.

[1] Account ownership categories include single, joint, certain retirement such as IRAs, trust, employee benefit plan, corporation and government.
[2] Separate capacities include individual, joint, corporation, trust, and IRAs.

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At a Glance:

	FDIC (Banks & Savings Associations), NCUA (Credit Unions)	SIPC (Broker-Dealers)
Coverage limits	$250,000 per depositor, per insured bank, for each account “ownership category”	$500,000 in securities for each "separate capacity" account, including up to $250,000 in cash
What’s covered	Deposit accounts held at member banking institutions	Missing securities and cash held in accounts at member brokerage firms
What’s NOT covered	Investments like stocks, bonds, mutual funds, insurance products or safe deposit boxes	Market losses, performance guarantees, commodities and most futures contracts

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