

FDIC INSURANCE

NEW: Cornerstone National Bank and Trust Company is participating in the FDIC's Transaction Account Guarantee Program. Under that program, through June 30, 2010, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC 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.

Frequently Asked FDIC Questions

Who is the FDIC? FDIC stands for the Federal Deposit Insurance Corporation, which is an agency created in 1933 by Congress to promote stability and public confidence in the US Financial system. The FDIC protects against the loss of insured deposits in the event of a bank failure.

Whose deposits does the FDIC insure?

Any person or entity can have FDIC deposit insurance in an insured bank located in the United States. A person does not have to be a U.S. citizen or resident to have deposits insured by the FDIC.

Are deposits at Cornerstone National Bank & Trust Co. insured by the FDIC?

Yes, Cornerstone National Bank & Trust Company is insured by the Federal Deposit Insurance Corporation and deposits at Cornerstone are insured up to the maximum limits allowed by law. Our depositors can be confident that their insured deposits are safe. FDIC insurance is backed by the full faith and credit of the United States government.

What accounts are not insured by the FDIC?

The FDIC does not insure the money you invest in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if you purchased these products in an FDIC-insured bank. Safe deposit box contents are not insured by the FDIC, and bank loans are not associated with FDIC insurance.

What are the limits for insured deposits?

Effective October 3, 2008, all FDIC-insured deposits, including checking, NOW, savings and money market accounts, as well as certificates of deposit, are insured up to the following legal limits for each unaffiliated financial institution: \$250,000 for individually owned accounts (per person), plus \$250,000 for each owner in jointly owned accounts (with a spouse, child or someone else), plus \$250,000 for most retirement accounts, such as Individual Retirement Accounts. Other ownership categories are also available. Moreover, if you believe that some of deposits are not fully insured, it may be possible to restructure the titling of your accounts to bring your deposits into insurance coverage (see "FDIC Insurance Ownership categories" below). We would be happy to discuss those options with you.

Does a co-owner on a joint account have to be related?

No.

Will changing the order on the names of the accounts change the coverage?

The order in which names appear on a joint account does not change the coverage (one account titled

"Bill and Jill" and another one titled "Jill and Bill" will not increase coverage - both accounts are joint accounts and each person has \$250,000 coverage). Also the words "and" and "or" do not matter in the account name.

Is both principal and interest covered by FDIC insurance?

Yes.

How long does coverage continue after a depositor's death?

After a depositor's death, there is a six month "grace period" where the person's coverage will not change.

Below are some facts regarding different Ownership categories that would qualify an account for separate FDIC insurance.

FDIC Insurance Ownership Categories

Single Ownership:

- Single ownership accounts are insured for \$250,000.
- This category includes sole proprietorships.
- Agent, trustee, guardian, executor and custodian accounts (held for an individual) are considered the owner's funds. For example:
A minor's account (opened under the Uniform Gift to Minors Act) is considered owned by the minor.
A guardian is considered the custodian of the account but not the owner of the money.
An account with a power of attorney belongs to the account holder (not the person with the power of attorney).

Joint Ownership:

- Each person holding a joint account is insured for \$250,000.
- EXAMPLE: A joint account held by three people is insured up to \$750,000 (\$250,000 each).

Retirement/IRA:

- A person's IRA accounts at Cornerstone are insured up to \$250,000.

Formal and Informal (e.g. Payable on Death/ POD) Revocable Trusts:

- Insured up to \$250,000 for each beneficiary. On a joint revocable trust, coverage is computed by multiplying the number of grantors times the number of beneficiaries, times \$250,000 (for example two owners with two beneficiaries receive \$1,000,000 in coverage).

Businesses:

- All the deposit accounts of a partnership, a corporation or an unincorporated association are added together and insured up to \$250,000. Only separately incorporated divisions/units would be eligible for separate insurance.

Public Units/Government:

- Insurance coverage for a public unit's accounts (accounts of state, county or municipalities) is separately insured in the amount up to \$250,000 for all time and savings deposits and is unlimited for all demand deposits held by FDIC insured institutions.

Irrevocable Trust:

- Generally there is \$250,000 in coverage on these types of trust. Due to their complexity, it is helpful to consult your attorney, banker or the FDIC to fully review these types of trusts and their FDIC insurance coverage.

The FDIC website contains a convenient calculator to estimate FDIC coverage: www.fdic.gov/edie

CONTACT INFORMATION

This document is intended to give you some information about Bank Safety and FDIC Insurance, but is by no means exhaustive. We would be happy to discuss your specific needs with you at your convenience.

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