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A Trust can help protect you from financial crisis

Financial institutions expand protection

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Recently, there has been tremendous turmoil in financial markets and financial institutions. This leads many to ask whether their accounts are safe. Now, more than ever, it is important to protect yourself and your loved ones from the uncertainties in the world. You can start with your financial institution assets. There are several different systems of protection in place depending on the type of asset and institution. Here is a brief summary of each type of protection.

Brokerage Accounts – SIPC

The Securities Investors Protection Corporation ("SIPC") protects against the loss or theft of brokerage assets by the broker. The SIPC is not a governmental agency; rather it is a non-profit membership organization of securities brokerages. The protection of SIPC extends to loss of cash or securities (stocks and bonds) in a brokerage account, but not, for example, commodity futures contracts or foreign currency. What is guaranteed is the return of securities registered in the account owner's name; the value of the securities is not guaranteed. In addition, securities registered in "street name" are guaranteed up to $500,000 per customer, and cash is guaranteed up to $100,000 per customer. By holding an account in the name of a Trust and one in your individual name, you can split assets between the accounts thereby doubling your protection (www.sipc.org).

Bank and Savings & Loan Accounts – FDIC

The Federal Deposit Insurance Corporation ("FDIC") insures bank and savings & loan deposits up to a limit of $100,000 per owner ($250,000 for retirement accounts like IRAs). Trusts can be especially useful under the FDIC rules because they can provide expanded insurance coverage based on your beneficiaries. For example, if you have a Trust and are leaving everything to your three children (depending on the Trust terms), you would qualify for $100,000 coverage per beneficiary, or $300,000, rather than the $100,000 protection you would have had if the account were in your individual name (www.fdic.gov).

Credit Union Accounts – NCUSIF

National credit unions are chartered and regulated by the National Credit Union Association ("NCUA"). The National Credit Union Share Insurance Fund ("NCUSIF") insures all members of the NCUA and some state-chartered credit unions with insurance parallel to the insurance provided by the FDIC. As with the FDIC, the NCUSIF is a government agency backed by the full faith and credit of the United States government. While technically not covered by the FDIC, the same rules of coverage apply. So, as with FDIC, Trusts may have expanded insurance coverage (www.ncua.gov).

Trusts can help to make sure your assets are protected now through the expanded insurance protection under FDIC and NCUSIF as discussed above. In addition, they help to ensure that your assets continue to be protected for your loved ones in the future.

MICHELLE TUCKER **Bio**

Michelle Tucker is a Certified Financial Planner™, an attorney and a certified public accountant/Personal Financial Specialist. She is the first attorney in Hawaii to be certified by the American Bar Association (ABA) accredited Estate Law Specialist Board, Inc. as an estate planning law specialist, and is so certified by the Supreme Court of Hawaii. The Supreme Court of Hawaii grants Hawaii certification only to lawyers in good standing who have successfully completed a specialty program accredited by the ABA.

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