# CERTAIN RETIREMENT ACCOUNTS
## (12 C.F.R. § 330.14(B)(2))

### I. Definition

In general, Certain Retirement Accounts are self-directed retirement deposits for which an owner and not a plan administrator has the right to direct how the funds are invested.

This category consists of deposits made in connection with the following:

- All types of IRAs, including:
  - Traditional IRAs
  - Roth IRAs
  - Simplified Employee Pension ("SEP") IRAs
  - Savings Incentive Match Plans for Employees ("SIMPLE") IRAs
- All Section 457 deferred compensation plans, such as eligible deferred compensation plans provided by state and local governments, regardless of whether they are self-directed.
- Self-directed defined contribution plans, including:
  - Self-directed 401(k) plans
  - Self-directed SIMPLE IRAs held in the form of 401(k) plans
  - Self-directed defined contribution money purchase plans
  - Self-directed defined contribution profit-sharing plans
- Self-directed Keogh plans (or H.R. 10 plans) designed for self-employed individuals.

### II. Insurance Limit

Deposits in all Certain Retirement Accounts owned by the same depositor and held at the same IDI are added together and the total is insured for up to $250,000.

**Naming beneficiaries does not increase deposit insurance coverage for "Certain Retirement Accounts".**

### III. Requirements

In general, the retirement plans in this category are self-directed. However, deposits held in 457 deferred compensation plans are insured as "Certain Retirement Accounts" even if they are not self-directed.

A retirement plan is considered "self-directed" for the purpose of FDIC deposit insurance coverage if each plan participant can choose the specific IDI to hold their retirement deposits. Sometimes a retirement plan lists a specific IDI as the default institution. Provided that the participants can change the default IDI, the plan is considered "self- directed".

In other instances, a plan may have a default IDI that cannot be changed. These types of plans can be considered "self-directed" if plan participants can make their own investment decisions. For example, a retirement plan lists Bank ABC as the default IDI. Plan participants cannot change the IDI. But participants can also choose to invest in stocks, bonds or mutual funds. When plan participants can make these types of investment decisions, their plan is self-directed.

### Example 4

**Facts:**

Barbara Moore has two IRA CDs at the same IDI. She has listed two IRA beneficiaries on each CD.

**Rules:**

a. All certain retirement accounts owned by the same person at the same IDI are aggregated and the total is insured up to $250,000.

b. Listing beneficiaries on IRAs, while valid to designate the transfer of funds when the owner dies, does not increase deposit insurance coverage.

c. An individual's deposits in this category are added together and insurable up to $250,000 per IDI.

**Answer:**

**Example 4 – Multiple IRAs and Beneficiaries**

| Account Title | Balance | Insured Amount | Uninsured Amount |
|---|---:|---:|---:|
| Barbara Moore's Roth IRA (Lisa Moore & Roger Moore, beneficiaries) | $100,000 | | |
| Barbara Moore's Traditional IRA (Lisa Moore & Roger Moore, beneficiaries) | $180,000 | | |
| **Total** | **$280,000** | **$250,000** | **$30,000** |

Since Barbara has multiple IRAs at the same IDI, the balances are added together and insured for up to $250,000. The fact that she named beneficiaries on the IRAs does not increase her coverage. With $280,000 on deposit in her IRAs at the same IDI, Barbara is insured for $250,000 and uninsured for $30,000.

## IV. When the Owner of an IRA Dies

Depositors typically name a beneficiary on their IRA. While listing beneficiaries on an IRA does not increase the coverage, once the owner dies, a decedent IRA raises the issue of how such an account would be insured.

In some cases, the IRA may continue to be titled in the name of the deceased owner. If an IRA continues to be maintained in the decedent's name, and continues to be recognized by the IRS as the decedent's IRA, then the FDIC will insure the account for up to $250,000 as a certain retirement account of the decedent. In this instance, the deposit would not be aggregated with any deposits maintained by the beneficiary at the same IDI.

In other cases, the IRA might be restructured so that the funds are held in the name of the beneficiary or beneficiaries of that IRA, often referred to as an inherited IRA. In that case, the FDIC will insure the account(s) as a certain retirement account of the named owner. The funds would be aggregated with any other certain retirement account deposits of the named owner at the same IDI and insured up to the $250,000 limit.

### Example 5

**Facts:**

John and Mary Law each had an IRA CD at Any Bank. They do not have any other retirement accounts at Any Bank. John listed Mary as his sole beneficiary. While John and Mary were both alive, the accounts were insured separately up to $250,000.

John died one month ago in February and Mary has continued to maintain John's IRA in his name.

**Rule:**

When an IRA owner dies and the IRA continues to be maintained in the decedent's name, the decedent's IRA is insured up to $250,000 separately from the beneficiary's own IRA at the same IDI.

**Answer:**

| Example 5 – Decedent's IRA Insured Separately from Beneficiary's IRA | | | | |
|---|---|---|---|---|
| **Account Title** | **Deposit Type** | **Balance** | **Insured Amount** | **Uninsured Amount** |
| John Law (deceased), IRA | IRA CD | $250,000 | $250,000 | $0 |
| Mary Law, IRA | IRA CD | $250,000 | $250,000 | $0 |
| **Total** | | **$500,000** | **$500,000** | **$0** |

Each owner is insured for up to $250,000 for all IRAs held at the same IDI. Therefore, Mary is insured for up to $250,000 for her IRA. In addition, at the same IDI, since Mary kept John's IRA titled in his name, John's IRA continues to be insured separately.

## V. Types of Retirement Plans NOT Insured as Certain Retirement Accounts

Deposit accounts held by the following types of retirement plans do not qualify as "Certain Retirement Accounts" and are not insured in this category:

- 403(b) plans (e.g., annuity contracts for some public school employees, tax-exempt organizations, and ministers);
- Defined benefit plans; or
- Defined contribution plans, such as 401(k) plans, which are not self-directed.

Please note that this list is not meant to be exhaustive and includes only some retirement plans that are insured as employee benefit plan accounts, which is discussed in the Employee Benefit Plan Accounts section.

In addition, Coverdell Education Savings Accounts, sometimes referred to as Education IRAs, are insured as trust accounts.