



*Pathfinders in Elder Law*



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### ***FDIC Temporarily Boosts Insurance Limit to \$250,000***

The recently passed Emergency Economic Stabilization Act of 2008 (aka "the bailout bill") temporarily raises the basic limit on federal deposit insurance coverage (FDIC) from \$100,000 to \$250,000 per depositor. The legislation provides that the basic deposit insurance limit will return to \$100,000 after December 31, 2009.

The rise in insurance coverage applies to trust accounts as well. The owner of a revocable trust is insured up to \$250,000 for each beneficiary, provided certain requirements are met and there are no more than five beneficiaries. The temporary coverage increase, coupled with an earlier FDIC interim rule simplifying the rules for determining the coverage available on revocable trust accounts means that the opportunities for increased insurance coverage of revocable trusts -- both informal "pay-on-death" or formal "living trusts," are sizeable -- at least in the short term.

There can be several advantages to establishing a trust, depending on your situation. Best-known is the advantage of avoiding probate. In a trust that terminates with the death of the donor, any property in the trust prior to the donor's death passes

immediately to the beneficiaries by the terms of the trust without requiring probate. This can save time and money for the beneficiaries. Certain trusts can also result in tax advantages both for the donor and the beneficiary. These are often referred to as "credit shelter" or "life insurance" trusts.

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Bear in mind that while elder law attorneys may recommend a living trust as an estate planning device for some of their clients where it is appropriate for their particular needs, salespeople masquerading as professional estate planners are working the provinces trying to convince older Americans that such trusts are for everyone.

For more on this from ElderLawAnswers, click [here](#).

For the FDIC's press release on the temporary increase in coverage, click [here](#).

For a Trusts & Estates article on "FDIC Deposit Insurance In These Hard Times," click [here](#). ▲

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*Severns & Stinson is an Indianapolis Elder Law firm that helps older adults, persons with disabilities and their families plan for long term care needs, protect assets and get the care they need. For up-to-the-minute information about elder law issues and to sign up for our electronic newsletter, visit our website, [www.severns.com](http://www.severns.com).*



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