

• Video

• **Report** • [Weather](#) • [Elections](#) • [National](#) • [Economy](#) • [Uncovering America](#) • [Election Center](#)

• [more topics »](#)

• U.S.

Set your CNN.com Edition

CNN U.S.

CNN International

SET EDITION

• Politics

• Crime

• Entertainment

• Health

• Tech

• Travel

• **Living**

• Business

• Sports

• Time.com

RIGHT ON YOUR MONEY Right for Your Lifestyle

updated 8:24 a.m. EST, Thu February

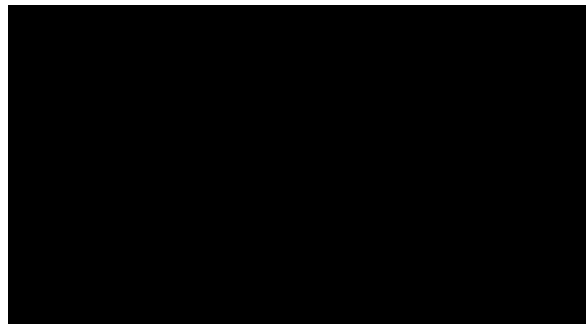
What bad banking news means to you

• Story Highlights

- Bank profits falling and some are expected to fail
- FDIC insures personal bank accounts up to \$100,000
- IRAs and Keoghs are insured up to \$250,000
- But stocks, bonds, annuities are not covered by FDIC

• [Next Article in Living »](#)

NEW YORK (CNN) -- Bad news about the banking industry may have you wondering about the safety of your hard earned cash at your own bank.



In the past year there have been four bank failures.

And the chairman of the Federal Deposit Insurance

Corp and banking industry experts foresee many bank

failures down the road.

"Regulators are bracing for 100-200 bank failures over

careerbuilder.com

Quick Job Search

- Part Time Jobs
- Sales & Marketing Jobs
- Customer Service Jobs

keyword(s):

enter city:

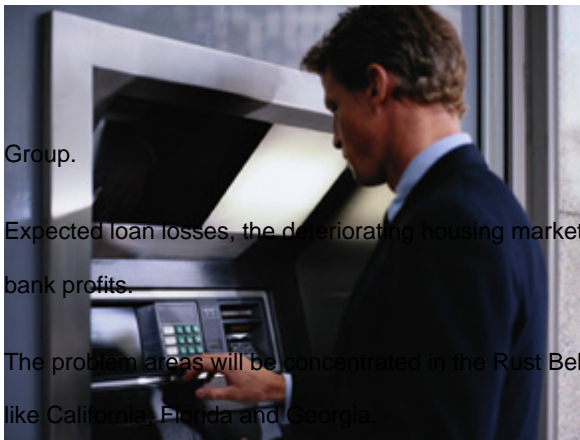
State ▼

Job type ▼

SEARCH

[more options »](#)

We Recommend



Group.

Expected loan losses, the deteriorating housing market and the credit squeeze are blamed for the drop in bank profits.

The problem areas will be concentrated in the Rust Belt, in places like Ohio and Michigan and other states like California, Florida and Georgia.

the next 12-24 months," says Jaret Seiberg, an analyst with the financial services firm, the Stanford

The number of institutions categorized as "problem" institutions by the FDIC has also grown from 50 at the end of 2006 to 76 at the end of last year.

But to put that in perspective -- by the end of 1992 -- at the tail end of the banking crisis -- there were 1,063 banks on that "trouble" list says David Barr of the FDIC.

Financial Security Watch



Gerri Willis answers your financial questions Today on CNN

12pm ET

[see full schedule »](#)

Banking experts say there is one thing that will save your money if your bank goes under. That's FDIC insurance. "It's the gold standard," says banking consultant Bert Ely. "The FDIC has ample resources. It's never been an issue," he says.

The FDIC insures deposits in banks and thrift institutions. The federal agency was created during the Great Depression in response to thousands of bank failures. The FDIC maintains that not one depositor has lost a single cent of insured funds since 1934 as a result of a bank failure

Experts say you shouldn't panic.

"The banking industry comes into this in a very sound condition," says Ely.

Seiberg agrees. "This is not a repeat of the S&L debacle of the late '80s and early '90s. Banks are entering this credit cycle with better capital and better earnings. Many more of them can weather the storms ahead," he says.

Stories you may be interested in based on past browsing

[Rogue debt collectors -- how to fight them](#)

[Ponder selling it before you buy new car](#)

[How not to look old at work](#)

[4 steps to a better marriage](#)

[Battle between trees and solar panels](#)

a cheap way for banks to make money," says Greg McBride of Bankrate.com.

Protecting your money

Here's how to make sure you pick a safe bank. First, look for the FDIC logo at your local branch. If you don't see it, ask the bank, or go to the [FDIC's Web site](#) and click on "Bank Find." Here you'll be able to see if the bank carries this guarantee.

Don't Miss

- [Dodging the pink slip](#)
- [In Depth: Right On Your Money](#)
- [Book excerpts: Home Rich](#)
- [He borrowed from his future](#)
- [Gerri Willis' new book](#)

This step is especially important if you're using an Internet-only bank or a bank you've never heard of. You can also check out the financial health of a banking institution at www.bankrate.com.

The FDIC also maintains a list of bank rating agencies on its Web site that can assess a bank's financial stability. But in many cases, these companies charge a fee.

As loan delinquencies rise, and bank failures increase, the FDIC is shoring up its reserves. The agency is bringing back formerly retired employees to bolster a division that deals specifically with bank failures. Many of these agency veterans worked for the FDIC during the late 1980s and early 1990s, when thousands of financial institutions failed during the savings-and-loan crisis according to Barr..

Know your limits

As an individual, your deposits are insured up to \$100,000 in an FDIC-insured bank. This includes your savings, your checking, any certificate of deposits (CDs) and money market accounts. Joint accounts can be insured up to \$200,000.

IRAs and Keoghs -- these are retirement plans for people who are self-employed -- can be insured up to \$250,000. These retirement accounts are considered separate from your individual bank accounts.

If you have money in a credit union, the same protections exist. However, instead of the FDIC insurance, deposits are insured under the National Credit Union Administration, another government agency.

Of course, banks offer much more than your bread-and-butter savings and checking accounts. Some offer investments such as mutual funds or stock funds, which generally promise higher rates of return than CDs, are not insured by the FDIC nor are they insured by the broker/dealer. The general rule is deposits are FDIC-guaranteed, but not investments.


And keep in mind, annuities, life insurance policies -- even the contents of your safe-deposit box -- are not insured. If you're worried you don't have enough insurance on your accounts, the FDIC Web site has a tool that will allow you to calculate your insurance coverage. It's called the **electronic deposit insurance estimator -- or EDIE** for short. You can also call the agency at 877-ASK-FDIC.

And rest assured if you have U.S. savings bonds or treasury bills, the principle and interest on these products are backed by the faith and credit of the federal government so there's no risk of default as long as you don't sell these products before they mature says McBride.

If your bank bites the dust, there's nothing to fear according to the FDIC. A healthier banking institution normally buys the failed bank according to Barr. "There is little or no interruption to the consumer," he says. "If you go to bed one night as a customer of a bank, and you wake up as a customer of a new bank, there is nothing you have to do." Your checks will still clear, you can still use your ATM card.

But, there can be changes to the terms of your original deposit. For example, if you took out a CD with an annual percentage rate of 3.5 percent, it's entirely possible the new bank will drop that interest rate. If that happens, you have the option to withdraw your funds without penalty.

Loans are handled differently. If you took out a loan with a bank, for example an auto loan or a mortgage, those interest rates and terms of interest remain the same regardless of the new bank.

If no buyer can be found to take over the failed bank, customers are written a check with their deposit money within 48 hours. **E-mail to a friend** 

•

SHARE

•

EMAIL

•

SAVE

PRINT

• **From the Blogs:** Controversy, commentary, and debate

Top News



Ticker: Obama rips Clinton ad: 'Playing on fear'



Jury takes minutes to convict cannibal killer

[Home](#) | [World](#) | [U.S.](#) | [Politics](#) | [Crime](#) | [Entertainment](#) | [Health](#) | [Tech](#) | [Travel](#) | [Living](#) | [Business](#) | [Sports](#) | [Time.com](#)

[Tools & Widgets](#) | [Podcasts](#) | [Blogs](#) | [CNN Mobile](#) | [Preferences](#) | [Email Alerts](#) | [CNN Radio](#) | [CNN Shop](#) | [Site Map](#)

POWERED BY
Google

© 2008 Cable News Network. Turner Broadcasting System, Inc. All Rights Reserved.

[CNN en Espa•ol](#) | [Arabic](#) | [Japanese](#) | [Korean](#) | [Turkish](#)

[Terms of service](#) | [Privacy guidelines](#) | [Advertise with us](#) | [About us](#) | [Contact us](#) | [Help](#)

[International Edition](#) | [CNN TV](#) | [CNN International](#) | [Headline News](#) | [Transcripts](#)