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OFFICE LOCATIONS

Multiple office locations for your convenience.

Virginia Beach (Main Office)
500 Viking Drive, Suite 202

Norfolk Office
319 W. 21st St., Suite B

Chesapeake Office
1545 Crossways Blvd., Suite 250

Suffolk Office
3345 Bridge Road, Suite 916

Newport News Office
11815 Fountain Way, Suite 300

Phone: 757-530-7011
Fax: 757-233-3600

UPCOMING SEMINAR & WEBINARS

PLAN NOW TO PROTECT YOUR LOVED ONES

ONLINE WEBINAR

Tuesday
April 18th at
7:00 PM

PLAN NOW TO PROTECT YOUR LOVED ONES

IN-PERSON SEMINAR

Thursday
April 20th at
2:00 PM

WHY WILLS ARE OBSOLETE

IN-PERSON SEMINAR

Wednesday
May 10th at
1:00 PM

APRIL 2023

Your Alperin Law Monthly Newsletter

Give us a call!
757-530-7011
www.alperinlaw.com
Hours: 9:00-5:00 M-F

FDIC Coverage For Revocable Living Trusts - It's More Than What I Thought!

Well, as the saying goes, I learn something new every day. With numerous recent bank failures all over the news in the past few weeks, you can imagine how many calls that we've been receiving from nervous clients who are wondering if and how their banks accounts titled in their revocable living trusts are protected by FDIC insurance coverage.

FDIC deposit insurance protects bank customers in the event that an FDIC-insured depository institution fails. Bank customers don't need to purchase deposit insurance; it is automatic for any deposit account opened at an FDIC-insured bank. Deposits are insured up to at least $250,000 per depositor, per FDIC-insured bank, per ownership category.

Deposit insurance is calculated dollar-for-dollar, principal plus any interest accrued or due to the depositor, through the date of default. For example, if a customer had a CD account in her name alone with a principal balance of $195,000 and $3,000 in accrued interest, the full $198,000 would be insured. In the event of a bank failure, the FDIC pays insurance to depositors up to the insurance limit. Historically, the FDIC pays insurance within a few days after a bank closing, usually the next business day, by either 1) providing each depositor with a new account at another insured bank in an amount equal to the insured balance of their account at the failed bank, or 2) issuing a check to each depositor for the insured balance of their account at the failed bank.

In some cases—for example, deposits that exceed $250,000 and are linked to trust documents or deposits established by a third-party broker—the FDIC may need additional time to determine the amount of deposit insurance coverage and may request supplemental information from the depositor in order to complete the insurance determination.

The FDIC insurance limit for revocable living trusts depends on the number of "primary beneficiaries" alive at the time a bank fails. The maximum coverage can be up to $1,500,000. The limit is calculated based on the number of primary beneficiaries designated in the trust, but interestingly, the owner or trustmaker is not considered as a beneficiary for FDIC insurance purposes. For each primary beneficiary, the FDIC provides insurance coverage of up to $250,000. So, if there are six primary beneficiaries, the total coverage would be $1,500,000 (6 beneficiaries x $250,000 per beneficiary). The coverage also applies to "off the top" or "specific gifts" distributions to beneficiaries. Very surprising to me is that the Federal Deposit Insurance Corporation also count beneficiaries who receive what they call a "off the top" gift a/k/a "Specific Gifts". This is VERY good news for our clients with numerous kids.

All the rules discussed in this article are current through March 31, 2024. The FDIC approved changes, on January 21, 2022, to the deposit insurance rules for revocable trust accounts (including formal trusts, POD/ITF), irrevocable trust accounts, and mortgage servicing accounts. For most trust depositors (those with less than $1,250,000), the FDIC expects the coverage levels to be unchanged. However, the new rule may reduce coverage for those depositors who have placed more than $1,250,000 per owner in trust deposits at one insured institution. The new rule combines the revocable and irrevocable trust account categories into one insurance category, eliminates some complex rules, and utilizes a simple insurance calculation. You can learn more about the new changes, including for mortgage servicing accounts, by reviewing the fact sheet published by FDIC. The FDIC publishes an insurance calculator at https://edie.fdic.gov/calculator.html that should assist many depositors determine the amount of their FDIC coverage. The changes are effective April 1, 2024, giving bankers and depositors time to adjust to the new rule, including making any changes to avoid a potential reduction in coverage. We suggest depositors review the new rules for time deposits with maturities beyond April 1, 2024. Please note that FDIC insurance limits may be subject to change, so it is essential to verify the current limits and rules with the FDIC or a legal professional.

Do Not Leave Your Children's Future to Luck

We associate April with April Fools Day where silly jokes and sometimes harmless pranks have us questioning reality. One thing that parents should never joke about is providing for their minor children. Young parents work hard to create a wonderful life for their children and pass on wealth to them in the future, but they also need to create a plan for their children's care if something happens to them. If you are a parent, it is difficult for you to think about having your young children grow up without you, but you need to recognize that lack of planning for this possibility could be disastrous for your children.

Choose someone you trust to provide day-to-day care for your children.

If one parent dies or becomes incapable of caring for your children, their other parent will likely continue to have physical custody of the children and responsibility for their care. However, it is crucial for you to name a guardian who will step into your shoes to provide day-to-day care for your children in the event that something happens to both of you. If you do not name a person you trust, a court will step in to appoint someone. Because the person the court chooses to be your children's guardian may not be the person you would have chosen, it is vitally important to designate this person in advance in your will or in a separate document. Although the court will still have to appoint the guardian, it will typically defer to your wishes.

There are two types of guardians you should consider nominating in your estate plan:

Permanent guardian: A permanent guardian is appointed by the court to care for children whose parents are both deceased or are otherwise no longer able to care for them. The permanent guardian steps into the parents' shoes to provide for the children's educational, religious, legal, medical, and day-to-day care until they reach the age of majority in your state (often age eighteen or twenty-one). As mentioned, to avoid leaving your children's fate to a court with no input from you, you can name the person you want to care for your children in your will or a separate document specifically addressing guardianship.

Temporary guardian: You can choose a person you trust to act as a caregiver for your children for a limited time period by choosing a temporary guardian in writing. That person will care for your children if you are temporarily unavailable, for example, if you become very ill and need to be hospitalized or are away for an extended trip. You can authorize the guardian to make decisions and take actions that you, as their parent, would normally handle, such as consenting to medical treatment or enrolling them in school. A temporary guardianship is usually only effective for a period of six months to a year, depending on state statute. If you would like to have it effective longer, you will need to sign a new form when the original one expires.

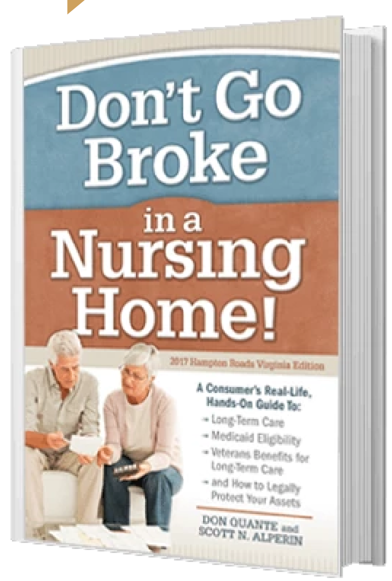
Make plans for your children's inheritance.

If you fail to plan ahead, the court may have to appoint a conservator (sometimes called a guardian of the estate) to manage your children's inheritance until they reach the age of majority. This is necessary because minors legally cannot own money or property on their own.

Give Us a Call at (757) 530-7311

Your children are too important for you to leave their futures to chance. Call us today to set up an appointment to create an estate plan that will safeguard their future and give you the peace of mind that comes with knowing you have done everything in your power to care for them.

Call Us Today at 757-530-7011 to Request Your Free Copy!



Recipe: Deviled Eggs

Ingredients

- **6** eggs
- **1/4 cup** mayonnaise
- **1 teaspoon** white vinegar
- **1 teaspoon** yellow mustard
- **1/8 teaspoon** salt
- Black pepper
- Paprika, for garnish

Fun Fact: In the 19th Century, the usage of the term "deviled" in relation to food became predominantly associated with spicy or zesty dishes, such as eggs stuffed with mustard, pepper, or other ingredients in the yolk cavity.

Directions

1. Place eggs in a single layer in a saucepan and cover with enough water that there's 1 1/2 inches of water above the eggs. Heat on high until water begins to boil, then cover, turn the heat to low, and cook for 1 minute. Remove from heat and leave covered for 14 minutes, then rinse under cold water continuously for 1 minute.
2. Crack egg shells and carefully peel under cool running water. Gently dry with paper towels. Slice the eggs in half lengthwise, removing yolks to a medium bowl, and placing the whites on a serving platter. Mash the yolks into a fine crumble using a fork. Add mayonnaise, vinegar, mustard, salt, and pepper, and mix well.
3. Evenly disperse heaping teaspoons of the yolk mixture into the egg whites. Sprinkle with paprika and serve.