



FDIC Temporary Liquidity Guarantee Program Transaction Account Guarantee *Addressing Customer Questions*

The FDIC Transaction Account Guarantee Program guarantees certain transaction accounts above \$250,000 until Dec. 31, 2009. Accounts eligible for the expanded coverage include transaction accounts paying no interest or interest of 50 basis points or less. Effective Dec. 6, 2008, financial institutions participating in the program pay an extra 10-basis-point assessment on amounts above \$250,000 in the eligible accounts.

Some community banks have expressed concerns about how to explain to customers why they chose to opt in or out of the program. The following frequently asked questions may help community bankers explain their decisions to customers.

Q. I've decided not to participate in the Transaction Account Guarantee Program. How do I explain this decision to my customers?

A. Let your customers know that the financial health of your institution is sound, so there was no specific or urgent need to participate in the program. Stress that deposit insurance coverage now extends to \$250,000, and note the FDIC has repeatedly said there are many valid reasons why financial institutions may choose to opt out of the program. Also note that you will continue to serve their needs without the help of the program.

Q. I've decided to participate in the Transaction Account Guarantee Program. How do I explain this decision to my customers?

A. Reassure your customers that participation in the program is not an indicator of your institution's financial health. Point to the strong capital position that your institution is in and remind them that deposit accounts are still insured up to \$250,000 by the FDIC through Dec. 31, 2009. Again, note the FDIC says there are many reasons why eligible institutions would opt out.