

Joint Accounts

A joint account is a deposit owned by two or more people. To qualify for insurance under this ownership category, all of the following requirements must be met:

1. All co-owners must be people. Legal entities such as corporations, trusts, estates, or partnerships are not eligible for joint account coverage.
2. All co-owners must have equal rights to withdraw deposits from the account. For example, if one co-owner can withdraw deposits on his or her signature alone but the other co-owner can withdraw deposits only with the signature of both co-owners, the co-owners do not have equal withdrawal rights.
3. All co-owners must sign the deposit account signature card unless the account is a CD or is established by an agent, nominee, guardian, custodian, executor or conservator.

If all of these requirements are met, each co-owner's share of every account that is jointly held at the same insured bank is added together with the co-owner's other shares, and the total is insured up to \$250,000.

The FDIC assumes that all co-owners' shares are equal unless the deposit account records state otherwise.

For example, a husband and wife could have up to \$500,000 in one or more joint accounts at the same insured bank and the deposits would be fully insured. The husband's ownership share is insured up to \$250,000 and the wife's ownership share is insured up to \$250,000.

Insurance coverage of joint accounts is not increased by rearranging the owners' names or by changing the styling of their names. Alternating the use of "or," "and" or "and/or" to separate the names of co-owners in a joint account title also does not affect the amount of insurance coverage provided.

In addition, using different Social Security numbers on multiple accounts held by the same co-owners will not increase insurance coverage.

Joint Account Example			
Account Title		Deposit Type	Account Balance
Mary and John Smith		NOW	\$ 125,000
John or Mary Smith		Savings	200,000
Mary or John or Robert Smith		CDs	300,000
Total Deposits			\$ 625,000
Insurance coverage for each owner is calculated as follows:			
Depositors	Ownership Share	Amount Insured	Amount Uninsured
Mary	\$ 262,500	\$ 250,000	\$ 12,500
John	262,500	250,000	12,500
Robert	100,000	100,000	0
Total	\$ 625,000	\$ 600,000	\$ 25,000

Explanation:

- Mary's ownership share in all joint accounts equals 1/2 of the NOW account (\$62,500), 1/2 of the savings account (\$100,000), and 1/3 of the CD (\$100,000), for a total of \$262,500. Since her coverage in the joint ownership category is limited to \$250,000, \$12,500 is uninsured.
- John's ownership share in all joint accounts is the same as Mary's, so \$12,500 is uninsured.
- Robert's ownership share in all joint accounts is 1/3 of the CD, or \$100,000, so his share is fully insured.