



**EB** Enterprise Bank  
CREATE YOUR SUCCESS

## Protecting Your Organization's Deposits with Enhanced FDIC Coverage

Odds are, you keep money in a bank—if not in multiple banks. Whether it's a personal account or a business account, there are several reasons you would want to do so. Banks offer convenience—checks, online bill pay, debit cards, and ATMs are bank services that provide easy access to your stored money and facilitate making payments. Their products and services can also help you save money, earn money, and access credit. However, one of the most important reasons for keeping money in the bank is that banks are safe—they protect your money, whether it be from fire, theft, or simple misplacement.

Despite this, many Americans remain nervous about the money they have in banks. Recent news about the March collapses of Silicon Valley Bank (SVB) and Signature Bank has further stoked those fears. A recent [Gallup poll](#), conducted between April 3 and April 25 (following the collapse of these banks), revealed that 48% of U.S. adults are “worried about the safety of the money [they] have deposited in banks and other financial institutions.” Among poll participants, 19% responded that they were “very worried” and 29% responded that they were “moderately worried.”

With bank-collapse coverage trending in the media, and anxiety spreading among depositors, what kind of assurance do banks offer when you trust them with your business's money?





## FDIC Coverage

The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency that insures deposits in the event of bank failures. It was created by the Banking Act of 1933 to restore consumers' faith in the U.S. banking system following the thousands of bank failures leading up to, and during, the Great Depression. As part of the organization's mission—"to maintain stability and public confidence in the nation's financial system"—the FDIC insures deposits held at U.S. banks. Nearly all banks in the U.S. are insured by the FDIC, but it is always in your best interest to confirm coverage with any bank you deposit with. Understanding how FDIC coverage works, its limits, and the different methods of obtaining coverage are crucial to properly protecting your large deposits.

The FDIC insures deposits up to \$250,000 per depositor, per insured bank, for each deposit account ownership category. Under their [rules](#), "all deposits owned by a corporation, partnership or unincorporated entity (including a for-profit or a not-for-profit organization) at the same bank are added together and insured up to \$250,000, separately from the personal accounts of the owners or members." For example, if a company has a business checking account with \$200,000 and a certificate of deposit (CD) for \$100,000 at the same bank, the FDIC would only insure \$250,000 of that company's deposits—the remaining \$50,000 would be uninsured as it falls outside the FDIC limit. If the CEO and COO of the company had their own personal checking accounts at that same bank, those deposits would not count towards the company's FDIC limit—they would be subject to their own, separate limits.<sup>1</sup>

<sup>1</sup> For more information about the FDIC, FDIC Insurance, coverage levels, ownership categories and more, visit the FDIC website at [www.fdic.gov](http://www.fdic.gov).

In the case of SVB and Signature Bank, an overwhelming majority of customers had deposits exceeding the FDIC-insured limit held at the banks. As a niche bank with a large percentage of startup business clients—ones with a lot of cash on-hand from venture capitalist investors—**more than 93% of the domestic deposits at SVB were above \$250,000.** At Signature Bank, around 90% of the deposits were uninsured by the FDIC.





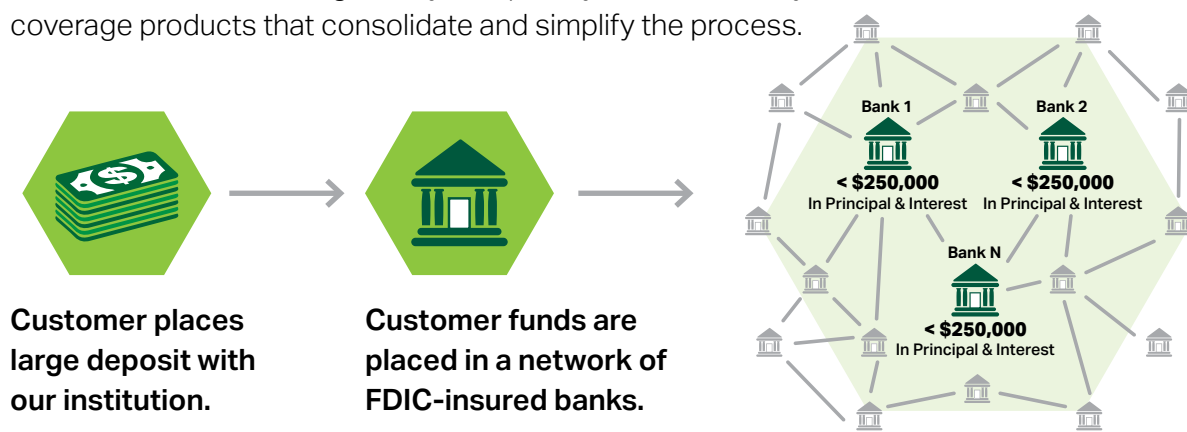
Fortunately for SVB and Signature Bank depositors, the FDIC, Department of Treasury, and Federal Reserve [decided to protect them](#), ensuring that “[d]epositors will have access to their money” and that they “will be made whole”, according to a joint press release published in March.

While an exception was made in this case, companies should not leave the insurance of their large deposits to chance should other bank failures occur. Instead, by understanding FDIC coverage, companies can be proactive in protecting themselves and their deposits, even when those deposits exceed \$250,000.

## Enhanced-FDIC-Coverage

For many individual and business customers, the \$250,000 FDIC insurance limit falls short of covering their deposit needs. The volume of SVB and Signature Bank deposits that were uninsured demonstrates this. To cover organizations with deposits exceeding the FDIC limit, there are enhanced-FDIC-coverage services available which can provide up to millions of dollars in coverage.

As mentioned above, the FDIC insures up to \$250,000 on “all deposits owned by a corporation, partnership or unincorporated entity (including a for-profit or a not-for-profit organization) at the same bank.” Within the “at the same bank” clause lies the opportunity to multiply an organization’s FDIC insurance limit. By spreading deposits out across multiple FDIC-insured banks, organizations can take advantage of \$250,000 in FDIC insurance per bank in which they hold deposits. However, opening accounts, depositing funds, managing deposits, and accessing those funds across multiple financial institutions manually would be a cumbersome and logistically complex system. Thankfully, there are enhanced-FDIC-coverage products that consolidate and simplify the process.



At Enterprise Bank, an FDIC-insured institution, we offer an enhanced-FDIC-coverage product suite. When customers place large deposits with us, a bank they are already familiar with and trust, we take those deposits, divide them up into amounts that fall within the FDIC insurance maximum of \$250,000, and place them at other FDIC-insured banks within our network. Enterprise fills the role of housing your deposits at multiple banks, leveraging their FDIC insurance limits, so that you don’t have to manage your coverage.<sup>2</sup>

<sup>2</sup> FDIC Enhanced Deposit products are provided through Reich & Tang Deposit Networks, LLC and membership in IntraFi® Network Deposits<sup>SM</sup>.



Our enhanced-FDIC-coverage products save you time by eliminating the need to manage multiple banking relationships and manually having to consolidate multiple bank statements. Rather than receiving individual statements from each bank holding your deposits, you'll receive a single, consolidated account statement from Enterprise Bank capturing your overall deposits. You can also view your account information online at your own convenience.

Deposits you make with Enterprise Bank also get reinvested back to your community as lending, helping it to grow and prosper. Small business loans and lending to nonprofits are some of the ways deposits help us create success in our community. Offerings within our enhanced-FDIC-coverage product suite also give you the opportunity to gain interest on your deposits so that your money never stops working for you.

To find the best enhanced-FDIC-coverage solution for your needs, please contact one of our experienced [Cash Management Advisors](#). They will be happy to help you create a program that addresses your cash flow requirements while providing FDIC coverage suitable to your company's deposit needs.

## Key Takeaways

For companies with large deposits, the recent failures of SVB and Signature Bank, [the second and third largest bank failures in American history, respectively](#), should have been a wakeup call. While one of the significant advantages of keeping money in banks is the safety it's afforded through government-backed FDIC insurance, there are limits to the coverage of which companies should be aware.

This time, an exception was made to protect the ninety-plus percent of uninsured deposits at SVB and Signature Banks, but that won't always necessarily be the case. To insure deposits above the \$250,000 FDIC limit, organizations' leaders must understand how FDIC coverage works and proactively take steps to protect their deposits. One of the most practical and convenient ways to do so is to leverage enhanced-FDIC-coverage products offered by Enterprise Bank.

Taking some simple steps today can protect your large deposits into the future. Our expert team of Enterprise bankers would be delighted to answer any of your questions about our enhanced-FDIC-coverage products and to help you set up coverage. Please feel free to stop by one of our 27 branch locations or email us at [cashmanagementadvisors@ebtc.com](mailto:cashmanagementadvisors@ebtc.com).



**Edith Joyce, CTP, Cash Management Director, SVP**





## About

Enterprise Bank was founded with an entrepreneurial vision to help create successful businesses, opportunities, wealth, and vibrant, prosperous communities. For over 30 years, Enterprise Bank has remained true to this vision, supporting the financial needs of the businesses, professionals, individuals, and communities we so passionately serve. As a leading, independent, community-focused bank, we are committed to creating positive, lasting relationships with our customers and to playing an active role in making every community in which we operate a better place to live and work.

For more information, please visit [EnterpriseBanking.com](https://www.EnterpriseBanking.com).

## About our Cash Management Advisors Team

Managing cash flow is an essential part of your business. Our collaborative team of bankers will work with you to design a suite of Cash Management solutions that will support the daily operations of your organization, as well as its growth and expansion.

- Increase operational efficiencies
- Streamline receivables and payables
- Manage cash flow
- Concentrate balances
- Detect fraud
- Design a prudent strategy for your shorter term cash balances
- Maintain the safety and soundness of your assets
- Strengthen the customer experience

Our team works with businesses across all industries and sectors, and brings a unique understanding of their banking needs and challenges. From municipalities, professional services, and education to healthcare and manufacturing, we can advise the most complex organizations.

## Other Deposit Related Products You May Be Interested In:

- Merchant Services for credit and debit card processing
- Remote Deposit Capture for processing payment in your offices
- Lockbox for outsourcing the processing of paper receivables
- Automated Clearing House (ACH) Debit Origination
- Incoming International U.S. Dollar and Foreign Currency Wires