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## No Safer Place for Your Money: Why the FDIC's Resources are Strong and Insured Deposits are "Absolutely Safe"

Other Topics in the Latest FDIC Consumer News Include the Basics of Debit, Credit and Prepaid Cards, Plus What to Know About Using Safe Deposit Boxes and Home Safes

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As bank failures are in the news, the Federal Deposit Insurance Corporation is helping consumers understand why, as Chairman Sheila C. Bair has said, "there's no safer place in the world for their checking, savings or retirement money." The Fall 2009 issue of *FDIC Consumer News* gives facts and figures explaining the agency's financial resources run deep and that insured deposits are fully protected.

"Depositors should understand that the chances of their bank failing are low, and even if their bank does fail, depositors have nothing to worry about," said Chairman Bair. "The FDIC fully guarantees their insured deposits and provides them with seamless access to their money. For the insured depositor, a bank failure is a non-event."

The newsletter gives these reasons why consumers can trust the ironclad protection of FDIC insurance:

- **By law, federal deposit insurance is backed by "the full faith and credit of the United States government."** It means that the financial resources of the U.S. government protect federally insured depositors. "In short," said Chairman Bair, "we cannot run out of money."
- **If needed, the FDIC can quickly borrow money from the U.S. Treasury.** However, Chairman Bair has stressed that the FDIC expects to continue to collect premiums from the banking industry to pay for banking industry problems -- without borrowing from U.S. taxpayers.
- **Federal law also requires that all insured deposits be paid "as soon as possible."** If a bank fails, the FDIC has always paid every penny of insured deposits, up to the insurance limit, including principal and any accrued interest through the date of the closing. In most cases, the FDIC provides access to accounts on the next business day by arranging with a healthy institution to assume the insured deposits. .

According to Chairman Bair, the bottom line for consumers is this: "No insured depositor has ever lost a penny of insured deposits -- and none ever will. The FDIC was created specifically for times like these. Our resources are strong. Your insured deposits are absolutely safe."

A related article reminds consumers that the basic maximum insurance amount under current law is \$250,000 through year-end 2013, but that, as always, customers may qualify for much more protection at

the same bank depending on the types and ownership of their accounts. The same article highlights FDIC resources that can help answer consumers' questions about deposit insurance coverage.

Also in this issue are tips for paying with plastic. One article helps consumers understand the potential benefits and concerns when choosing and using debit cards versus credit cards. Another article examines prepaid cards, which have evolved from gift cards sold by individual retailers to multi-purpose, "reloadable" cards that can be used to pay for purchases and access cash at ATMs around the world.

Another article offers five things to know about safe deposit boxes and home safes. Among the tips: Bank safe deposit boxes are good choices to store originals of key documents, such as birth certificates and property deeds, but probably not for anything someone might need to access quickly on a night, weekend or holiday. Also, people are better off stashing their cash in a bank deposit account than in a home safe or a safe deposit box, where the money can't earn interest and won't be protected by FDIC insurance.

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