

FIVE FACTS YOU NEED TO KNOW ABOUT FDIC INSURANCE AND YOUR IRA

Monday, March 27, 2023

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The Federal Deposit Insurance Corporation (FDIC) has been in the news recently as bank failures have made headlines. The FDIC is an independent agency created by Congress. It provides deposit insurance coverage for institutions such as banks, in the event that the bank fails and does not have enough assets to pay off depositors. The FDIC insures deposits up to \$250,000. You may wonder if your IRA is protected by the FDIC. Here are five facts you need to know.

1. Not all IRAs are protected by FDIC insurance. The FDIC only protects deposit accounts at FDIC-insured institutions. If your IRA is invested in deposits such as a checking account, a savings account, or a certificate of deposit (CD), it would be protected. However, if your IRA is invested in stocks, mutual funds, or annuity products, it would NOT be protected by FDIC insurance. This is true even if your IRA is held by an FDIC-insured institution.

2. IRA deposits are insured separately at each institution. If you have multiple IRAs at different banks, each of your IRAs is insured separately up to the \$250,000 limit.

3. Your IRAs are insured separately from other deposits. If you have both IRA assets and other assets at the same bank, your IRA deposits are insured separately from other deposits you might have at the same institution. For example, if you have a \$200,000 IRA and \$200,000 in non-IRA CDs at the same bank, all your deposits are fully protected.

4. Inherited IRA assets are also insured separately even if held at the same

bank. For example, if you inherit an IRA worth \$250,000 from your mother which is invested in a CD and you also have a \$50,000 in IRA deposits in a different CD at the same bank, both your inherited IRA funds and your own IRA funds are fully protected by FDIC insurance.

5. Traditional and Roth IRA deposits are NOT insured separately. For purposes of the \$250,000 limit for IRAs, any traditional and Roth IRA deposits at the same institution are aggregated. If you have \$150,000 deposited in a Roth IRA and \$200,000 deposited in a traditional IRA at the same bank, only \$250,000 of your \$350,000 total IRA deposits at that bank is protected by FDIC insurance.

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