LPL RESEARCH

CASH & BANKING

LPL FINANCIAL
INSURED CASH ACCOUNT PROGRAM
DISCLOSURE BOOKLET

Updated: March 2018

TABLE OF CONTENTS

BASICS OF THE PROGRAM

Welcome to the LPL Financial (LPL) Insured Cash Account (ICA) program. Under the ICA program, available cash balances (from securities transactions, dividend and interest payments, cash deposits, and other activities) in your eligible accounts will automatically be deposited (which we refer to as sweeping) into interest-bearing Federal Deposit Insurance Corporation (FDIC) insured deposit accounts (Deposit Accounts) at one or more of the banks or other depository institutions set forth on the LPL Priority Bank List (each referred to through the rest of this document simply as a Bank).

The key elements detailed in the remainder of this document are:

- What accounts are eligible
- What is deposit insurance
- What are anticipated interest rates and fees
- What is the Priority Bank List (PBL)
- What are available alternatives
- What happens when there is insufficient capacity in the banks on the PBL
- Where to find further information on the program today and in the future

WHAT ACCOUNTS ARE ELIGIBLE

The ICA program is available for accounts of individuals, trusts, sole proprietorships and entities organized or operated to make a profit, such as corporations, partnerships, associations, business trusts, and other organizations. In the future, LPL may at its discretion, deem additional account types eligible for the ICA program. Custodial accounts are eligible for the Program if each beneficiary is an eligible person. LPL Financial may at its discretion deem an eligible person to be an ineligible person if LPL Financial becomes aware that the person is prohibited as a matter of law from holding funds at any Bank. Advisory retirement accounts are not eligible for the ICA program. Cash from all eligible accounts are swept to accounts at each Bank by LPL acting as your agent.

Eligible accounts are those in:

- Strategic Asset Management (except retirement accounts*)
- Strategic Wealth Management Manager Select (except retirement accounts)
- Manager Access Select (except retirement accounts)
- Manager Access Network Optimum Market Portfolios—Advisory (except retirement accounts)
- Optimum Market Portfolios—Brokerage Model Wealth Portfolios (except retirement accounts)
- Personal Wealth Portfolios (except c retirement accounts)
- Brokerage **Please note: Custodial accounts offered through certain clearing and custody firms are eligible.*

For explicit details on this process, please reference the *Account opening and management: Operational details* section, located in the Appendix on page 9.

Each Deposit Account constitutes a direct obligation of the Bank and is not directly or indirectly an obligation of LPL Financial. You can obtain publicly available financial information concerning each Bank at www.ffiec.gov/nicpubweb/nicweb/nichome.aspx or by contacting the FDIC Public Information Center by mail at 3501 North Fairfax Drive, Room E-1005, Arlington, VA 22226, by email publicinfo@fdic.gov, or by phone at (877) 275-3342. LPL Financial does not guarantee in any way the financial condition of the Banks or the accuracy of any publicly available financial information concerning such Banks. LPL Financial is not responsible for any insured or uninsured portion of a Deposit Account.

WHAT IS DEPOSIT INSURANCE

The funds swept to banks through the ICA program are eligible for insurance by the FDIC, an independent agency of the U.S. government, up to $250,000 in principal and accrued interest per depositor for each FDIC-defined ownership category in an individual bank. This insurance amount increases to $500,000 in principal and accrued interest for joint accounts for each FDIC-defined ownership category in an individual bank. Different FDIC-defined ownership categories include: brokerage accounts, trust accounts, individual retirement accounts (IRAs), Roth IRAs, and certain other retirement accounts. Any deposits, including certificates of deposit that you maintain directly with a Bank, or through an intermediary (such as LPL Financial or another broker-dealer) in the FDIC-defined ownership category, will be aggregated with your funds from the ICA program held at the Bank for purposes of the $250,000 limit. This is why it is important you monitor the assets you have at all banks and notify your advisor of assets you hold with any bank on the Priority Bank List (PBL) so they may ensure LPL Financial does not sweep ICA assets into that bank. (Please see the *What is the Priority Bank List* section on page 6 for more details.)

As your agent, LPL Financial will sweep your assets out of your LPL Financial account and into the Banks on the Priority Bank List. The assets are swept into one Deposit Account for all LPL Financial clients whose assets are located at a given Bank on the PBL. LPL will place up to $246,500 of available cash for an individual or trust account ($493,000 for a joint account) into one bank. As your agent, LPL will place funds in excess of$246,500 for an individual or trust account ($493,000 for a joint account) at additional banks in the ICA program up to the current maximum deposit insurance limit for the program. To view the current program maximum deposit insurance limit see the ICA Current Interest Rate page on LPL.com. Cash invested in a money market mutual fund is not eligible for FDIC deposit insurance. Deposit Accounts are not protected by the Securities Investor Protection Corporation (SIPC).

After that maximum is reached, your additional cash will be swept to a money market mutual fund. For more details, please reference the *What Are Available Alternatives* section on page 7. Please note, you will not have a direct account relationship with any of the Banks. LPL Financial, as your agent, will establish these Deposit Accounts at the Bank(s) and make deposits to and withdrawals from the Deposit Accounts.

When accounts transfer ownership

If you become the owner of deposits at a Bank because another depositor dies, beginning six months after the death of the original depositor the FDIC will aggregate those deposits for purposes of the $250,000 limit, with any other deposits that you own in the same FDIC-defined ownership category at the Bank. The FDIC provides the six-month grace period to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

If Deposit Accounts or other deposits at the Bank are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be separately insured from the deposits that you might have established with the acquirer until:

(i) the maturity date of the certificates of deposit or other time deposits which were assumed, or
(ii) with respect to deposits which are not time deposits, the expiration of a six-month period from the date of the acquisition.

Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquirer held in the same FDIC-defined ownership category.

If insurance becomes necessary

In the event that federal deposit insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to you. There is no specific time period during which the FDIC must make insurance payments available. Furthermore, you may be required to provide certain documentation to the FDIC and LPL Financial before insurance payments are made.

WHAT ARE ANTICIPATED INTEREST RATES AND FEES

The amount of anticipated annual interest you will receive is calculated by taking the amount of cash being swept through the ICA program multiplied by the annual interest rate that corresponds to your household balance tier.

Interest rates

You will receive the same interest rates on all funds regardless of the Bank in which it is held. Interest will accrue daily on balances from the day funds are deposited into a Bank through the business day preceding the date of withdrawal from that Bank. Interest will be compounded daily and credited monthly. The interest rates paid are determined by the amount the Banks are willing to pay minus the fees paid to LPL Financial and other parties (detailed below). The interest rates accruing on your funds may change as frequently as daily without prior notice. The most up-to-date interest rates are found on lplfinancial.lpl.com/disclosures.

The interest rates paid by Bank may be higher or lower than the interest rates available to depositors making deposits directly with the Bank or other depository institutions in comparable accounts and for investments in money market mutual funds and other cash equivalent investments available through LPL Financial. You should compare the terms, interest rates, required minimum amounts, and other features of the ICA program with other accounts and alternative investments.

Household balance calculations

The interest rates you receive will vary based upon the value of the eligible assets you and other eligible parties in your household maintain in your eligible accounts (Household Balance). The aggregate balance of all linked eligible accounts is what we refer to as your Household Balance. In determining your Household Balance, the eligible accounts of all persons at the same address may be linked. LPL Financial may consider requests to link other accounts at our discretion. Certain accounts may not be eligible for linking in determining your Household Balance. The eligible assets of linked accounts are not commingled and all clients linking accounts retain control over, and responsibility for, their individual accounts. LPL Financial may change or terminate Household Balance eligibility without notice. It is your obligation to notify your financial advisor or LPL Financial of accounts that you would like to be linked.

In general, clients with greater Household Balances will receive a higher interest rate than clients with lower Household Balances. LPL Financial will determine your Household Balance each day. Once you instruct your financial advisor to link your eligible accounts, the previous day's Household Balance will determine your interest rate tier for the next day. The most up-to-date different Household Balance tiers and their corresponding interest rates are found on lplfinancial.lpl.com/disclosures.

Fees

Each Bank will pay LPL Financial a fee equal to a percentage of the average daily deposit balance. The fee LPL Financial receives may differ among Banks depending on the interest rate environment and/or any fee reductions made by LPL Financial. The amount of fee received or waived by LPL Financial will affect the interest rate paid on your funds. The fee paid to LPL may be at an annual rate of up to an average of 400 basis points as applied across all ICA deposit accounts taken in the aggregate. Financial advisors do not receive any of the fees received by LPL Financial from the Banks. The fees LPL Financial receives from the Bank may be greater than the fees LPL Financial receives from other sweep investment options. Upon request, LPL Financial will provide you with information concerning the fees it receives in connection with the ICA program.

In addition to LPL Financial, other service providers of the ICA program will receive fees. Other than these stated fees, there will be no charges, fees, or commissions imposed on your account with respect to the ICA program.

WHAT IS THE PRIORITY BANK LIST (PBL)

The Priority Bank List is a list of available Banks into which your funds may be deposited and is available by visiting www.LPL.com and entering "ICA" in the search engine or by contacting your financial advisor directly.
The Banks appear in columns by state or region. In the column under your applicable state or region are multiple Banks in the order in which your funds will be allocated. The last banks on the list are "Excess Banks" and are noted as such. For all other banks on the PBL except these Excess Banks, LPL Financial as your agent will ensure that your ICA sweep deposits do not exceed the $250,000 (or $500,000 for join account) FDIC-defined ownership category limits. For the Excess Banks, your funds may be deposited without consideration of the $250,000 and $500,000 limits. However, this will only be done when there is insufficient capacity in other Banks on the PBL to take your assets and not break through the $250,000 and $500,000 limits and is meant to be temporary in nature.

You may not change the order of the Banks on the PBL. However, you may, at any time, designate a Bank as ineligible to receive your funds. This will result in your funds not being deposited into this bank or if already there, we will remove your funds from that Bank and designate the Bank as ineligible to receive future deposits. Unless you direct us to place your funds in a different investment, your funds from eliminated Banks will be deposited at the first available Bank set forth on the Priority Bank List, as amended by you. To make these amendments, you need to inform your financial advisor.

You should review the PBL carefully. If you already have funds at any Bank on the list, please notify your financial advisor to designate that Bank as ineligible as detailed above so that no additional funds are allocated through this program to that Bank, which should help to avoid deposits in that Bank exceeding your FDIC-defined ownership category insurance limits. You are responsible for monitoring the total amount of deposits that you have at a Bank to determine the amount of FDIC insurance you may have available to you.

On the Priority Bank List, Banks may be added, removed, or the order of the priority sequence may change. Please consult your financial advisor or LPL.com periodically throughout the month for recent updates and information regarding how these changes may impact your account.

If a Bank at which you have funds is no longer available through the ICA program, you may choose to establish a direct depository relationship with the Bank, subject to its rules with respect to establishing and maintaining deposit accounts. If you choose not to establish a direct depository relationship with the Bank, your funds will be transferred to the first available Bank set forth on the Priority Bank List.

WHAT HAPPENS WHEN THERE IS INSUFFICIENT CAPACITY

The ability of the ICA program to sweep your uninvested cash into Bank deposit accounts depends, however, on the capacity of the Banks to accept new deposits. If during our sweep process at the end of each day, your cash cannot be fully deposited into a participating Bank (including the Excess Banks without limit), it will be automatically invested into a money market mutual fund the following business day just as it will be when your available cash exceeds the maximum level of available deposit insurance detailed earlier. When Bank capacity is restored, your funds are automatically moved from the money market mutual fund into deposit accounts with the available Bank(s), subject to the maximum amount of FDIC insurance.

WHAT ARE AVAILABLE ALTERNATIVES

If your account is ICA eligible and you do not wish to have your available cash swept into the ICA program, you may contact your financial advisor for assistance with one of the available alternatives laid out below.

Specific alternatives

Alternative 1: Sweep to a tax-exempt money market mutual fund

Requirements: Not a retirement account; minimum of $20,000 cash balance

A list of available tax-exempt money market mutual funds may be obtained from your advisor.

Alternative 2: Turn off the automatic sweep option

Requirements: Not a centrally-managed account

If you elect not to have available cash swept into a sweep investment, this means your available cash will not be invested (and therefore will not earn income) unless you give your financial advisor a direction to invest a specific amount of your funds in an available money market mutual fund, certificate of deposit, or other investment available through LPL Financial. If you go this route, if you do not have sufficient cash to cover the debit, you or your financial advisor would need to liquidate separately purchased money market mutual fund holdings or other securities to cover the required debits.

Overarching details about ICA alternatives

Please note, if you maintain an eligible centrally-managed automatically rebalanced account (i.e., Optimum Market Portfolios, Model Wealth Portfolios or Personal Wealth Portfolios), because of the systematic functionality associated with these accounts, the ICA is the only option.

If you choose to invest in a money market mutual fund instead of the ICA bank sweep, please make sure you understand the details of those investments. For more complete information about any money market mutual fund, including all yields, charges, and expenses, please contact your financial advisor for a free prospectus. Read the prospectus carefully before you invest or send money. Additionally, please know that money market mutual funds are not guaranteed or insured by the FDIC. Although money market mutual funds seek to preserve a net asset value of $1.00 per share, there is no guarantee that this will occur. Money market mutual funds are eligible for SIPC coverage.

SIPC coverage

SIPC is a non-profit membership corporation created by the Securities Investor Protection Act of 1970, funded primarily by its member securities brokerage firms registered with the U.S. Securities and Exchange Commission. SIPC provides protection against custodial risk to clients of securities brokerage firms, like LPL Financial, in the event such firms become insolvent. Unlike FDIC insurance, SIPC does not insure against the loss of your investment. Nor does SIPC insurance insure the quality of investments or protect against a decline or fluctuations in the value of your investment. SIPC protects each client’s securities and cash held in a client’s brokerage account at an insolvent brokerage firm. SIPC protects against the loss of customer securities and cash up to a total of $500,000 (including a maximum of $250,000 for claims for uninvested cash awaiting investment) per customer in each separate capacity under SIPC rules. Additionally, LPL Financial accounts have additional securities protection to cover the net equity of customer accounts up to an overall aggregate firm limit of $575,000,000 subject to conditions and limitations. If you have questions about SIPC coverage and additional SIPC-like coverage, please contact your financial advisor or visit our website at http://lplfinancial.lpl.com/disclosures.htm. For more information on SIPC, including obtaining an explanatory brochure, please contact SIPC at (202) 371-8300 or www.sipc.org.

WHERE TO FIND FURTHER INFORMATION

Transactions and activity with respect to your funds will appear on your periodic account statement. For each statement period, your account statement will reflect:

- Deposits to and withdrawals on your behalf into the Deposit Accounts
- The closing balance of your funds in the Deposit Accounts at each Bank
- Interest earned on your ICA cash sweep balances

Your financial advisor can assist you if you have any questions about how your account statement reflects your balances at each Bank. You may obtain additional information about your funds by calling your financial advisor or, if applicable, by accessing your account through LPL AccountView. If you have not subscribed to LPL AccountView and wish to do so, please contact your financial advisor to subscribe.

All notices from LPL Financial detailed in this document may be made by means of a letter, an entry on or insert with your account statement, or an entry on a trade confirmation or by other means. Many pieces of information are also found on lpl.com.

Investment in a money market mutual fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

APPENDIX

Included in this Appendix are additional details on several concepts discussed within the brochure.

Account opening and management: Operational details

When sweeping cash to Banks under the ICA program, two types of accounts are established at each bank on the PBL on the behalf of you and other LPL clients: a money market deposit account (MMDA), which is a type of savings deposit, and a linked transaction account (TA). The Bank in its discretion may determine a minimum amount to be maintained in the TA. The MMDAs and TAs are non-transferable.

Deposit Account ownership will be evidenced by a book entry on the account records of each Bank showing the Deposit Account as an agency account held by LPL Financial for the benefit of you and other LPL Financial customers and by records maintained by LPL Financial as your agent. No evidence of ownership, such as a passbook or certificate, will be issued to you. Your account statements will reflect your balances at the Banks. You should retain the account statements for your records. You may at any time obtain information about your funds by contacting your financial advisor. The Banks will not provide you with information or accept instructions from you with respect to your funds in the Deposit Account that have been established by LPL on your behalf through this program.

We will attempt to place your funds at the highest priority bank on the PBL. If a bank no longer has capacity to take new funds or your funds allocated to a Bank reach $246,500 or $493,000 for joint accounts, LPL Financial, as your agent, will leverage a MMDA and TA at the next Bank on the Priority Bank List. If that Bank is unable to accept your funds, due to overall capacity being unavailable or your maximum being reached, we will continue down the list of Banks on the PBL. The process will be repeated when additional funds are to be deposited with your funds going to the highest available Bank in the priority sequence on the Priority Bank List. As noted previously, funds may be allocated to the Excess Banks above the FDIC insurance amount on a temporary basis.

At the end of each month, LPL Financial will determine the amount of your funds, if any, that have been deposited in Banks in an order different than the priority sequence on the Priority Bank List. If it is possible to rebalance your funds so they are in the Banks in the appropriate priority sequence, LPL Financial will, as your agent, withdraw your funds and re-deposit them in that sequence. If it is not possible to rebalance all of your funds in the appropriate priority sequence, your funds will not be rebalanced.

As your agent, LPL Financial will deposit available cash balances in the MMDA at each Bank as set forth above. All withdrawals will be made from the TA at a Bank by LPL as your agent. As necessary to satisfy debits in your account (securities purchases, checking, debit card, etc.), funds will be transferred from the MMDA to the related TA at each Bank. The funds will be withdrawn from your TAs at the Banks in the reverse order in which Banks appear on the Priority Bank List. Funds will be withdrawn first from the lowest Bank on the list and last from the first Bank on the list. If funds in the TA are insufficient to satisfy a debit, funds in the related MMDA at the Bank will be transferred to the TA to satisfy the debit, plus funds to maintain any TA threshold amount.

If you decide to terminate your participation in the ICA program sweep option, you may establish a direct relationship with each Bank by making a request to the Bank to establish a Deposit Account in your name, subject to each Bank's rules with respect to establishing and maintaining deposit accounts. Once that is done, you would contact LPL and request a transfer of the funds in the ICA Deposit Account into your individual Deposit Account. Establishment of the Deposit Account directly in your name at a Bank will separate the Deposit Accounts from the LPL Financial account. If you establish a direct depository relationship with a Bank, the Deposit Accounts will no longer be reflected in your account statement and LPL Financial will have no further responsibility concerning the Deposit Accounts.

Taxes

For most clients, interest earned on deposits in the Deposit Accounts will be taxed as ordinary income in the year it is received. A Form 1099 will be sent to you each year showing the amount of interest income you have earned on your ICA cash sweep deposits. You should consult with your tax advisor about how the ICA program affects you.

Federal regulations

Federal banking regulations limit the transfers from an MMDA to a total of six (6) during a monthly statement cycle. At any point during a month in which transfers from an MMDA at a Bank have reached the applicable limit, all funds will be transferred from that MMDA to the linked TA at the Bank until the end of the month. Deposits for the remainder of the month into this Bank will be made to the TA. At the beginning of the next month, funds on deposit in the TA will be transferred to the MMDA, minus any threshold amount to be maintained in the TA. The limits on MMDA transfers will not limit the number of withdrawals you can make from funds on deposit at a Bank or the amount of FDIC insurance coverage for which you are eligible.

Due to federal banking regulations, each Bank reserves the right to require seven business days' prior notice before you withdraw cash balances from your Deposit Accounts. The Banks have informed us that they do not currently intend to exercise this right. So long as this right is not exercised, your ability to access funds, including the ability to write checks against your account, should not be impacted.

FDIC insurance: Details and examples

The application of the $250,000 federal deposit insurance limitation is illustrated by several common factual situations discussed below.

Non-retirement accounts

Individual Customer Accounts: Funds owned by an individual and held in an account in the name of an agent or nominee of such individual (such as the Deposit Accounts held through LPL Financial) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same capacity (including funds held in a sole proprietorship) and are insured up to $250,000 in the aggregate.

Custodial Accounts: Funds in accounts held by a custodian are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same insurable capacity and are insured up to $250,000 in the aggregate.

Joint Accounts: An individual's interest in funds in all accounts held under any form of joint ownership valid under applicable state law (what we refer to as a joint account) may be insured up to $250,000 in the aggregate, separately and in addition to the $250,000 allowed on other deposits individually owned by any of the co-owners of such accounts. For example, a joint account owned by two persons would be eligible for insurance coverage of up to $500,000 ($250,000 for each person), subject to aggregation with each owner's interests in other joint accounts at the same depository institution. Joint accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners.

Revocable Trust Accounts: Deposits at any one Bank held in a revocable trust are generally insured up to $250,000 per beneficiary if the beneficiary is a natural person, charity, or other non-profit organization. There are two types of revocable trusts recognized by the FDIC: informal and formal. Informal revocable trusts include accounts in which the owner evidences intent that at his or her death the funds shall belong to one or more specified beneficiaries. These trusts may be referred to as a Totten trust account, payable upon death account or transfer on death account. Each beneficiary must be included in the account records of LPL Financial. Formal revocable trusts are written trust arrangements in which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. The trusts may be referred to as living or family trusts. The beneficiaries of a formal revocable trust do not need to be included in the account records of LPL Financial. Under the FDIC rules, FDIC coverage will be $250,000 per beneficiary, multiplied by the number of beneficiaries, regardless of the proportional interest of each beneficiary in the revocable trust, if the trust has $1,250,000 or less in deposits at any one Bank. If the trust has more than $1,250,000 in deposits at any one Bank and more than five beneficiaries, the funds will be insured for the greater of $1,250,000 or the aggregate amount of all beneficiaries' proportional interest, limited to $250,000 per beneficiary. Deposits in all revocable trusts of the same owner—informal and formal—at the same Bank will be aggregated for insurance purposes. A revocable trust established by two owners where the owners are the sole beneficiaries will be treated as a Joint Account under applicable rules and will be aggregated with other Joint Accounts.

Irrevocable Trust Accounts: Deposits of any one Bank held pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to $250,000 for the interest of each beneficiary provided that the beneficiary's interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies).

*Business Accounts: F*unds owned by a business and held in an account in the name of an agent or nominee of such individual (such as the Deposit Accounts held through LPL Financial) are not treated as owned by the agent or nominee, but are added to other deposits of such business held in the same capacity (including funds held in a sole proprietorship) and are insured up to $250,000 in the aggregate.

<u>Retirement accounts</u>

You may have interests in various retirement plans and accounts that have placed deposits in accounts at the Banks. The amount of deposit insurance you will be entitled to, including whether the deposits held by the retirement plan or account will be considered separately or aggregated with the deposits of the same Bank held by other retirement plans or accounts, will vary depending on the type of retirement plan or account. It is therefore important to understand the type of retirement plan or account holding the deposits.

IRAs and other Self-Directed Retirement Accounts: IRAs (including Roth IRAs), self-directed Keogh accounts, and certain other self-directed retirement accounts (such as government-sponsored 457 plans and private employer-sponsored 401(k) plans) are insured up to $250,000 per depositor. Each person's deposits in self-directed retirement accounts at the same Bank are added together and insured up to $250,000, separately from any retirement accounts that are not self-directed and any non-retirement accounts.

Pass-through Deposit Insurance for Employee Benefit Plan Deposits: Employee benefit plan accounts are deposits of a pension plan, profit-sharing plan or other employee benefit plan that is not self-directed. Employee benefit plan deposits are insured up to $250,000 for each participant's interest in the plan if certain requirements are met. This coverage is known as pass-through insurance because the insurance coverage passes through the plan administrator to each participant's interest or share. This means that instead of an employee benefit plan's deposits at one Bank being entitled to only $250,000 of insurance in total per Bank, each participant in the employee benefit plan is entitled to insurance of his or her interest in the employee benefit plan's deposits of up to $250,000 per Bank (subject to the aggregation of the participant's interests in different plans, as discussed below). The pass-through insurance provided to an individual as an employee benefit plan participant is in addition to the $250,000 deposit insurance allowed on other deposits held in an individual or other recognized insurance capacity by an individual with the Bank.

A deposit held by an employee benefit plan eligible for pass-through insurance is insured for an amount equal to the number of plan participants multiplied by $250,000. For example, an employee benefit plan owns $550,000 in deposits at one Bank. The employee benefit plan has two participants, one with a vested non-contingent interest of $300,000 and one with a vested non-contingent interest of $250,000. In this case, the employee benefit plan's deposits would be insured up to only $500,000; the individual with the $300,000 interest would be insured up to the $250,000 limit and the individual with the $250,000 interest would be insured up to the full value of such interest.

The contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee benefit plan are not insured on a pass-through basis. Contingent interests of an employee in an employee benefit plan deposit are interests that are not capable of evaluation in accordance with FDIC rules, and are aggregated and insured up to $250,000. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to $250,000 separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.

Aggregation of Plan and Account Deposits: Under FDIC regulations, an individual's interests in Plans maintained by the same employer or employee organization (e.g., a union) which are holding deposits of the same institution will be insured up to $250,000 in the aggregate. In addition, under FDIC regulations an individual's interest in the deposits of one Bank held, for example, in (i) an IRA, (ii) government-sponsored 457 plan, (iii) self-directed Keogh plan, or (iv) self-directed defined contribution plan will be insured up to $250,000 in the aggregate, separately, whether or not maintained by the same employer or employee organization.

RES CB07 0416
Tracking #1- 602457 (Exp. 02/19)