

# How to Guarantee Your Bank Deposits Up to \$50 Million

By Dr. Steve Sjoggerud

September 30, 2008

Isn't it worth it to have ALL your bank deposits guaranteed by the government?

I think so. And I showed you how in the [March 18 issue of DailyWealth](#). Of course, back then, nobody was really worried about banks failing.

But today, bank failures are all over the news. So let's follow up with more ways for you to protect your bank accounts...

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## 1. GUARANTEE all your cash, up to \$50 million.

I believe the government, at minimum, will back the \$100,000 FDIC guarantee, regardless of the number of bank failures. But what most people don't know is they're not limited to just \$100,000 in FDIC coverage.

Today I'll explain a nifty way to cover yourself completely... to leave the government – the FDIC – holding the bag for all your cash if your bank fails. You earn a little less in interest for this guarantee, but you have no worries at all. Here's how it works...

Let's say you have \$1 million. Now let's say you deposit that \$1 million with a CDARS bank (that stands for Certificate of Deposit Account Registry Service). That bank keeps \$100,000 of it, to stay within the FDIC limits. Then it deposits the other \$900,000 in 90-day CDs at nine or more other banks.

Smaller banks like this program because it allows them to get deposits from all over America... deposits they couldn't possibly get on their own. In essence, smaller banks end up "sharing" big deposits with each other through CDARS.

CDARS was founded by three guys: the former chief of staff for the FDIC, the former comptroller of the currency, and the former vice chairman of the Federal Reserve's Board of

## PRIVY

Indian iron ore exporters on Monday warned that demand from steel mills in China had fallen sharply over the past month and that Chinese buyers were defaulting on contracts with suppliers.

With coal reportedly piling up in China's eastern ports, the news of steel defaults will fuel concerns about the likely impact on global commodity prices of a slowing Chinese economy.

China's status as a pivotal source of demand for many commodities means even a mild slowing of its economy – which has been growing at double-digit rates for years – has serious implications for global prices.

Michael Lewis, head of commodities research at Deutsche Bank, said that China was expected to account for more than 40 per cent of global demand growth for nickel, oil, copper, steel, iron ore and aluminium during 2009.

"Any downturn in Chinese growth, industrial production and fixed asset investment growth will therefore have important implications for underlying commodity demand," Mr Lewis said.

– Financial Times

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Oil fell more than \$5 a barrel on Monday, pressured by gains in the U.S. dollar as well as more signs the financial crisis is spreading beyond the United States to Europe.

"There are two factors at play here," said Jonathan Kornafel, Asia director of Hudson Capital Energy in Singapore.

Governors. Here's the website: [www.cdars.com](http://www.cdars.com).

A longtime friend of ours... EverBank ([www.everbank.com](http://www.everbank.com))... is part of the CDARS system. It calls its way to use the program "Insured Advantage CDs."

With CDARS, the FDIC insures your total \$1 million. And the beautiful part is, you receive a single statement.

## 2. Determine if your deposits are within coverage limits.

Again, most people think you only have \$100,000 in FDIC coverage... But they don't know exactly what that means. What if I have a joint account? Yes, that's \$200,000. What if I name the accounts differently or switch the names around? Sorry, that doesn't work.

What if... and what if... Look! If you want to know how insured you are, use "EDIE" at [www.fdic.gov/edie](http://www.fdic.gov/edie).

If EDIE says you're above the limit, and you don't want to do the CDARS thing to spread your deposits around, then you must:

## 3. Find out your bank's rating.

How do you know if your bank is safe? You can check your bank's "Safe and Sound" rating here: [www.bankrate.com/brm/safesound/ss\\_home.asp](http://www.bankrate.com/brm/safesound/ss_home.asp). You might be unpleasantly surprised.

Four stars is a good rating. If it's a one-star or two-star bank, seriously consider moving those assets to "higher ground."

## 4. Stay within "The Club."

"The Club" has no official members... but it's obvious JPMorgan and Citibank are in The Club. The government organized JPMorgan's buyout of Bear Stearns. And it had a hand in Citibank's takeover of Wachovia.

So Bear Stearns and Wachovia were clearly not in The Club. They were not important enough... they could fail. But JPMorgan and Citibank are in. And I assume so are Warren Buffett-related businesses... which now include Bank of America, Goldman Sachs, and giant Wells Fargo.

I have cash at Bank of America. I think it's in The Club. I believe the government will protect assets in The Club at any cost. And it will likely sacrifice others to protect The Club.

## 5. Be skeptical... not excited... by high yields.

Just before Wachovia went under, it was offering high rates on deposits and CDs. It needed the deposits to stay afloat. For your deposits, focus on safety... as I described above... over high yields.

"One is the short-term effect of a rally in the U.S. dollar and second is ongoing concerns about U.S. demand and elsewhere."

I think the demand destruction will be significant enough to cut quite deeply into oil prices."

– Reuters

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The advertisement is a vertical stack of three panels. The top panel shows a pile of utility bills with a red arrow pointing up and the text "UP 45.5%" and "Your utility bills...". The middle panel shows a grocery bag with a red arrow pointing up and the text "UP 19.9%" and "Your grocery bills...". The bottom panel shows a man in a suit covering his face with his hands, with a black arrow pointing down and the text "DOWN 8%" and "Your stock portfolio". Below the man, it says "Prices are going UP. Stocks are going DOWN." At the very bottom, it says "Here's the simplest, fastest way to earn up to FIVE TIMES what Treasuries would pay with less risk than a blue chip stock..."

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## 6. The most important thing you can do right now is ACT!

Don't be hesitant. Don't hope nothing bad will happen to you. All the solutions I mentioned today are easy... So don't sit and wait.

### Related Articles

[Are Your Bank Deposits Now at Risk?](#)  
[How to Make a Safe 38% While Wall Street Goes Haywire](#)

In the end, you may decide you're fine where you are, that you don't need to do anything. But you'll at least have the peace of mind knowing your bank is safe... and so is your money.

Good investing,

Steve

**Editor's note:** Dr. Steve Sjuggerud writes *True Wealth*, one of the top five financial newsletters in the world. Steve's investment philosophy is simple: Buy assets of great value when no one else wants them, and sell them when others will pay any price. [Click here](#) to learn more.

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## Brian Hunt's MARKET NOTES

### THE BEAR MARKET IN FERTILIZER GETS WORSE

Our prediction of lower share prices for fertilizer makers is coming true in grand fashion.

About six months ago, we noticed the [bull market in fertilizer shares](#) had entered "stupid" mode. The big players here – Potash, Mosaic, Agrium, and CF Industries – have solid long-term outlooks. Asia's increasing wealth means rising demand for crops... which means rising demand for crop fertilizers like potash and nitrogen.

But like all rosy outlooks, folks went way too far with the story. Headlines of rising grain and fertilizer prices were front-page news in every paper in America. Everyone with 15 seconds of airtime on CNBC said, "Buy fertilizer."

Investors bought fertilizer all right... They bought and bought till these stocks traded for 40... 50... even 60 times earnings. Now, folks are learning again how painful it can be to place such huge valuations on stocks. The "ExxonMobil of fertilizer," Potash, lost 11% of its market cap yesterday. It's down 42%

[If This Guy Gets Into Office, It's Time to Buy Stocks](#)

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September 24, 2008

from its 2008 peak... making this one of the world's biggest downtrends.



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