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MEEDER

# Understanding Government Insured Deposits and Meeder GDP

## WHAT ARE GOVERNMENT INSURED DEPOSITS?

From a high level, government insured deposits protect both consumer and commercial depositors of an insured American financial institution that has failed. This type of insurance, and its accompanying regulations, cover the dollar-for-dollar principal deposited, along with any interest accrued through the date of default (up to pre-set dollar amounts). This type of insurance is provided by one of two independent U.S. government agencies: either the Federal Deposit Insurance Company (FDIC) and the National Credit Union Administration (NCUA).

## WHAT IS THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)?

Created during the Great Depression and formed by the 1933 Banking Act, the FDIC is one of two independent government agencies that provide insurance for deposits to American depository institutions. The FDIC's sister agency is the NCUA. The FDIC insures deposits to American commercial banks and savings banks—while the NCUA insures and regulates deposits to U.S. credit unions.

## WHY – AND WHEN – WAS THE FDIC FORMED?

During the Great Depression (1929 to 1933), the American banking system experienced a number of severe financial shocks, which rapidly spread to the rest of the world.

Spurred by the infamous U.S. stock market crash of October 1929 (known as “Black Tuesday”), worldwide gross domestic product (GDP) eventually declined -15% and international trade dropped by more than 50%.

With unemployment regularly spiking above 20% in the United States, “bank runs” became common, leading to the failure of more than one-third of all American banking institutions. The 1933 Banking Act was enacted by Congress to restore faith and trust in the U.S. banking system. With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2011, the FDIC and NCUA today insure deposits with member institutions to \$250,000 per account or tax ID.

## HOW ARE FDIC DEPOSITS INSURED?

Backed by the full faith and credit of the U.S. government, FDIC deposits are ultimately secured by a \$100 billion line of credit with the U.S. Treasury. The FDIC and its reserves are primarily funded by the annual dues paid by the FDIC's member banks—and are not secured by U.S. public tax dollars.

## HOW MANY INSTITUTIONS UTILIZE FDIC INSURANCE?

As of June 30, 2021, the FDIC provides deposit insurance to more than 5,200 member banks. The FDIC also examines and supervises member banks for safety and soundness, performs consumer-protection functions and oversight, and manages receiverships of failed banks.

## WHAT TYPE OF DEPOSITS DOES FDIC INSURANCE COVER?

The FDIC insures and regulates assets across four types of depository accounts: (1) Certificates of Deposit (CDs); (2) Checking; (3) Money Market; and (4) Savings. The Federal Deposit Insurance Corporation does not cover a number of financial products and services that American banking and financial institutions routinely offer, such as annuities, bonds, life insurance, stocks, and other securities.

## WHAT AMOUNTS ARE INSURED BY FDIC INSURANCE?

FDIC deposit insurance covers the depositors' principal with a failed FDIC-insured depository institution dollar-for-dollar, plus any interest accrued or due to the depositor, through the date of default, up to \$250,000. In other words, the standard insurance amount is \$250K per depositor and tax ID, per insured bank, for each account ownership category.

## WHAT IS THE MEEDER GOVERNMENT-INSURED DEPOSIT PROGRAM (MGIDP)?

Headquartered in Columbus, Ohio, Meeder Investment Management was established in 1974. As of December 31, 2021, Meeder manages more than \$45 billion in Assets Under Advisement. Since its inception Meeder has worked closely with institutional investors of all sizes.

The Meeder Government Insured Deposit Program (MGIDP) is an innovative solution that enables institutions to fully insure cash balance up to \$25 million per tax ID through a network of carefully selected and thoroughly vetted FDIC-insured banks via a single, convenient account. MGIDP offers attractive yields with limited market or credit risk, which can provide clients with penalty-free withdrawals every business day.

## HOW DOES MEEDER INSURE INSTITUTIONAL CASH BALANCES OF \$25 MILLION?

By leveraging the U.S. government's Federally Insured Cash Account (FICA) and FDIC programs, Meeder can allocate cash deposits of institutional clients across a network of more than 800 carefully screened FDIC-insured U.S. banks. Through this highly-regulated and time-tested approach, Meeder can provide public funds managers with up to \$25 million in insurance protection on their cash deposits. Deposits held at each individual FDIC-member bank will generally not exceed the current maximum insurance amount of \$250K per depositor—and only exceed this amount as member banks account for accrued interest. On a daily basis, Meeder GIDP institutional clients are able to view the list of banks holding their cash positions, along with the deposit amounts held by each individual member bank.

## WHAT ARE THE FIVE KEY ADVANTAGES OF MEEDER GIDP?

# 1

### FLEXIBILITY

Meeder GIDP can provide institutional clients with a large and secured depository warehouse, insuring amounts from \$250,000 to \$25 million.

# 2

### SAFETY

By leveraging the strength of the U.S. government's FDIC and FICA programs, Meeder GIDP can provide comprehensive protection that encompasses and addresses both credit and market risk factors.

# 3

### ACCESSIBILITY

As with any effective and high-performing cash management and operations vehicle, Meeder GIDP provides institutional clients with next-day liquidity, with the ability to view total balances, analyze exact deposits across each FDIC member bank, and withdraw and deposit assets any business day.

# 4

### YIELD

With Meeder GIDP, institutions can both reduce their risk exposure and generate attractive income and returns on their cash deposits.

# 5

### CONVENIENCE

By leveraging the power of the FDIC, FICA, and the firm's nearly 50 years of investment experience, Meeder is able to provide a singular and easy-to-use solution. Meeder GIDP does all of the heavy lifting, providing clients with a single account with full transparency to view all cash positions and critical record keeping.

## DISCLOSURE

**Program Description:** The Government Insured Deposit Program (GIDP) is offered through an agreement with StoneCastle Cash Management, LLC, (StoneCastle), which manages the Federally Insured Cash Account (FICA) program. Funds deposited to a GIDP account are held by U.S. Bank National Association (FICA Custodian), which acts as the qualified custodian for the account. StoneCastle directs the FICA Custodian to deposit funds allocated to the program into one or more FDIC® insured accounts at multiple insured depositories (Depository Banks). Meeder Asset Management, Inc. (Meeder) assists clients with preparation of account documentation and provides administrative account services to GIDP depositors.

**Availability of Funds:** Funds deposited to a GIDP account may not be immediately available for disbursement. Withdrawal requests are processed each business day and are typically available within one business day; however, Depository Banks may exercise the right to require seven (7) days' notice before permitting withdrawal of funds from a depository account.

**Yield:** Yield is effective as of the first business day of the month shown and is for a maximum deposit of \$25 million. Current yield is indicative and actual yield may be lower or higher than what is shown due to changes in market or business conditions. Yield shown is the APY (annual percentage yield) based on an APR (annual percentage rate). Past performance does not guarantee future results. For current yield information, please contact your program administrator at the number below.

**Interest:** Interest is accrued daily and posted monthly to the GIDP account. Interest rates paid on deposits in GIDP accounts are determined by the Depository Banks in their discretion based on prevailing economic and business conditions and such rates may change at any time without notice. The rate paid on GIDP deposits may be higher or lower than the rates offered to other depositors at the Depository Banks. Fees imposed by the GIDP program will reduce earnings on deposits.

**Program Fees:** StoneCastle deducts a FICA fee from each GIDP account on the date on which interest is credited. The FICA Fee may vary between Depository Banks but will never exceed the gross interest earned by your GIDP Account from the Depository Banks at which the interest is earned. The yield payable on GIDP accounts is the net yield to clients based on the APY for the period indicated after payment of program fees. The FICA fee includes fees paid to StoneCastle to manage the program, custody services, and fees earned by Meeder for marketing and administering the program.

**FDIC Insurance:** GIDP accounts are not offered or endorsed by any state or federal government agency and StoneCastle is not a bank nor does it offer bank deposits or other services guaranteed or insured by the FDIC® or any other governmental agency. FICA is not a member of The Federal Deposit Insurance Corporation (FDIC®), but the Depository Banks are FDIC members. FDIC is an independent agency of the U.S. government that protects the funds depositors place in FDIC insured institutions. FDIC deposit insurance is backed by the full faith and credit of the U.S. government. FICA satisfies the FDIC's requirements for agency pass-through deposit insurance coverage. If a participant has cash at any depository institution independently from the FICA program that is in the FICA network of Depository Banks, they may not receive full FDIC insurance coverage on deposits at those institutions. Participants are responsible for monitoring the total amount of deposits held at any one bank in order to determine the extent of available FDIC insurance coverage.

**Endorsement Disclosure:** Meeder markets and recommends the GIDP to eligible investors. Meeder is not a client of StoneCastle but recommends and administers the GIDP under an agreement with StoneCastle in exchange for compensation up to .10% of the average daily balance of accounts referred to StoneCastle for its role in recommending and administering the program, which fee may be waived in whole or in part in Meeder's discretion. This arrangement provides Meeder with an incentive to solicit and secure participation in the program. Meeder also has entered into other arrangements with StoneCastle unrelated to this relationship and for which it may receive compensation.

**Terms and Conditions:** Funds may be submitted for placement only after a depositor enters into a FICA agreement. The Account Custody Agreement contains important information, terms and conditions regarding management of the account, deposits and withdrawals, FDIC insurance, account fees and other charges.