

The Dunham Insured Deposit Marketplace (IDM) Frequently Asked Questions

What is the Federal Deposit Insurance Corporation (FDIC)?

The Federal Deposit Insurance Corporation (FDIC) is an independent agency of the United States government that provides insurance to depositors in case their bank fails. The FDIC insurance covers deposits up to \$250,000 per account owner, per bank, in accordance with FDIC rules.

If a bank fails, the FDIC will reimburse depositors up to the insured amount, helping protect their savings. The FDIC was created in response to the banking crisis of the 1930s to restore public confidence in the banking system and prevent runs on banks.

Today, FDIC insurance is a critical safeguard for depositors and helps promote stability in the financial system. (1) Please visit www.fdic.gov for more information about FDIC insurance.

What happens if I have more than \$250,000 in a bank and it fails?

If you have more than \$250,000 in a single account or multiple accounts in the same bank, and the bank fails, only the first \$250,000 is insured. Any funds beyond that amount would be at risk of loss. (1)

Is there a way of gaining more than \$250,000 of FDIC Insurance?

There are ways to increase your insurance coverage beyond the \$250,000 limit. One way is to spread your deposits across multiple banks. For example, if you have \$500,000 to deposit, you could split it evenly between two banks and have full FDIC coverage for each account. Another way is to use different account ownership categories, such as individual, joint, and trust accounts, each insured up to \$250,000. (1)

How long does it take to receive my \$250,000 if my bank fails?

Historically, the FDIC pays insurance within a few days after a bank closing, usually the next business day, by either:

1. Providing each depositor with a new account at another insured bank in an amount equal to the insured balance of their account at the failed bank.
2. Issuing a check to each depositor for the insured balance of their account at the failed bank. (1)

In some cases, the FDIC may need additional time to determine the amount of deposit insurance coverage and may request supplemental information from the depositor in order to complete the insurance determination.

What happens to my amounts above \$250,000 at a failed bank?

As the recipient of a failed bank, the FDIC is responsible for liquidating its assets and settling its debts, including claims for deposits exceeding the insured limit.

Those who have uninsured funds may be able to recover a portion of their funds through the proceeds of the sale of the failed bank's assets, but the process can take many years.

Typically, depositors with uninsured funds receive periodic payments based on the pro-rata principle. The remaining claim balance is paid out in a "cents on the dollar" manner as assets are sold. (1)

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How does the Dunham Insured Deposit Marketplace help me if I have more than \$250,000 I would like insured by the FDIC?

The Dunham Insured Deposit Marketplace (IDM) offers up to \$60 million of FDIC insurance by diversifying your funds through a marketplace of participating banks. Dunham will automatically spread your assets across various banks for you to provide \$250,000 FDIC insurance per bank. If you have deposits in a bank through the program and have made deposits at that bank outside the program, all of these deposits will count toward the FDIC limit.

What happens if one of the banks in the program that has my \$250,000 fails?

Let us answer this through a hypothetical example.

Suppose you placed \$1 million in the Dunham Insured Deposit Marketplace. The Dunham program will automatically spread these assets among four banks providing \$1 million of FDIC insurance.

If there was a bank failure within this group of banks, if you want, you can immediately redeem \$750,000. On your behalf, we will file a standard claim with the FDIC, and the other \$250,000 can be redeemed by you typically after two business days, or in some cases, the FDIC may need additional time to complete the insurance determination.

Do I have daily liquidity with The Dunham Insured Marketplace?

Yes, you do, as your cash in this program is available daily.

How do I receive more information about the Dunham Insured Deposit Marketplace?

Please speak to your financial advisor or call our Business Development Team at (858) 964 – 0500.

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Disclosures:

If you participate in the IDM offered by Dunham Trust Company ("DTC"), DTC is acting as your agent. DTC also serves as custodian of the Custom Asset Allocation Programs and is an affiliated entity of Dunham & Associates Investment Counsel, Inc., ("DAIC"), a Registered Investment Adviser and Broker/ Dealer. Member FINRA/ SIPC. DAIC is the sponsor of the Dunham Asset Allocation Program.

¹The FDIC insurance limit for all insurable capacities in the IDM is \$250,000 per program bank. The IDM program banks may be excluded from receiving program deposits in the event that total assets at a program bank (including assets that are held with the bank outside of DTC's IDM) exceed the FDIC insurance limits. For example, if you have deposits in a bank through the program and also have made deposits at that bank outside the program, all of these deposits will count toward the FDIC limit. It is your obligation to monitor your account(s), your FDIC coverage, and your FDIC insurance eligibility. See www.fdic.gov for more details regarding FDIC coverage. For more information on DTC's IDM, please refer to the IDM Disclosure Booklet. If you would like to opt out from certain program banks, please speak to your advisor or contact Dunham at customercare@dunham.com.

Excluding a bank from holding your Insured Bank Deposit balances may result in a lower available program limit for FDIC insurance. The bank list is subject to change.

See the IDM Disclosure Booklet for details, limitations, and eligibility requirements to participate in the IDM.

For the IDM, the program interest rate is impacted by several factors, including the total amount paid on deposits by the program banks, the fee paid to DTC and a fee paid to a third party that assists DTC in operating the program. DTC determines the portion of revenue it receives as a fee. The fee paid to DTC will affect the interest rate and may exceed the amounts paid to clients in the form of interest. Neither the program banks nor DTC is required to offer the highest rates available or rates comparable to money market mutual fund yields. In contrast, money market mutual funds generally seek to achieve the highest rate of return consistent with their investment objectives, which can be found in their prospectuses.

DTC, at its discretion, may determine that your account is ineligible to participate in the IDM. IDM provides up to \$60 million of FDIC insurance.

The deposit rates and annual percentage yields are variable and may change at any time at DTC's discretion. They are effective as of the date shown above. Interest will be accrued daily and credited monthly.

Unlike the IDM, non-deposit investments held by your broker-dealer (such as DAIC), are NOT FDIC INSURED / NOT BANK GUARANTEED / MAY LOSE VALUE.

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