



## Safety of Your Investments

### What insurance protection is available for assets held with trust companies– and Hilliard Lyons Trust Company, LLC in particular?

Trust companies are not banks and so FDIC insurance does not apply. Even if a trust company is a wholly owned subsidiary of a bank, FDIC insurance does not cover assets held with a trust company. This is because the assets held in a trust company belong to the client – not the bank. The assets are fully segregated from bank deposits, brokerage and insurance assets. Ownership of assets held by the trust company remains vested in the individuals or entities for whose benefit a trust company is acting as trustee, agent or custodian. The trust company serving as trustee has certain powers with respect to trust assets, but it has no “beneficial” rights to trust assets and therefore trust assets are not at risk for claims by the trust company’s (or bank’s) creditors.

If a bank or trust company goes into receivership, the receiver would seek out a qualified, well-capitalized company to succeed to the fiduciary roles of the failed institution. There would be no loss of assets and therefore insurance of trust company assets is not required or provided by any government agency.

SIPC insurance also does not cover assets held with a trust company as trust companies are not broker dealer organizations.

### So what insurance is available for assets held at a trust company?

Typically, a trust company will have private insurance that will protect the company and the client against fraud, embezzlement, and errors and omissions. Hilliard Lyons Trust Company, LLC does carry private insurance for these purposes.

Hilliard Lyons Trust Company, LLC is regulated by the Kentucky Office of Financial Institutions. It exceeds capitalization requirements for a Kentucky chartered trust company and has internal and external audit programs, and extensive internal policies and procedures all aimed at managing assets appropriately for each client.

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Hilliard Lyons Trust Company, LLC serves as trustee and as agent for trustee of numerous types of trusts, including revocable living trusts, charitable remainder trusts, life insurance trusts, total return trusts, marital trusts, and credit shelter trusts.

## FDIC Insurance coverage

Insurance provided by the FDIC applies only to deposit accounts held at institutions that are insured by the FDIC. Deposit accounts include checking and savings accounts, money market deposit accounts and certificates of deposit (CDs). You can check whether your institution is insured by the FDIC by going to their website, [www.FDIC.gov](http://www.FDIC.gov). As noted elsewhere, FDIC coverage does not apply to Hilliard Lyons Trust Company or to any trust company.

## Summary

Hilliard Lyons Trust Company, LLC is insured with private insurance to protect against crime aimed at the company or assets we manage. Should crime be detected, the company and the client would receive appropriate payment from our insurance carrier. Finally, FDIC insurance does NOT apply to any trust company.

Should you have any questions or concerns about assets we manage on your behalf, please don't hesitate to contact us. If you are interested in more information on the programs that the government has put in place, please review information at [www.ustreas.gov](http://www.ustreas.gov). For more information about FDIC insurance and assets / institutions covered, please review [www.fdic.gov](http://www.fdic.gov).

J.J.B. Hilliard, W.L. Lyons, LLC (Hilliard Lyons) and Hilliard Lyons Trust Company, LLC are affiliated companies.

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