

CHANGES TO GUARANTEES ON TERM DEPOSITS September 2011

The Financial Claims Scheme (FCS) was established by the Federal Government in October 2008 at the height of the Global Financial Crisis. It's purpose was to protect depositors of Australian authorised deposit-taking institutions, (banks, building societies and credit unions), and policyholders of general insurers from potential loss due to the failure of these institutions.

On 14 September 2011, the Treasurer announced amendments to the Financial Claims Scheme (FCS), whereby a permanent cap of \$250,000 will be introduced per person per institution to provide permanent protection for term deposits in authorised deposit-taking institutions.

Currently deposits up to \$1M are guaranteed by the Federal Government. This cap will continue to apply until February 2012. From 1 February 2012 the amount will be reduced to the permanent cap of \$250,000.

Transitional rules apply for deposits that existed before the recent announcement. For these deposits the \$1M cap will continue to apply until the sooner of the maturity date of that deposit, or, 31 December 2012.

Further detailed information regarding the guarantee can be found at: www.treasurer.gov.au