USE CASE

Trust Company Provides Its Customers Access to Expanded Deposit Insurance Coverage with R&T

A state-chartered trust company faced a critical challenge: How could they safeguard customer cash balances, maintain liquidity at competitive rates, and minimize operational complexity?

Challenge

While traditional options such as money market mutual funds (MMFs) remain popular, a series of regulatory reforms over the past decade have tightened the investment policies for these funds, reducing their relative performance and leading to an accounting structure that can cause the Net Asset Value (NAV) to fall below $1.00.

With increasing pressure to preserve capital and operational efficiency, the trust company needed a solution that instilled confidence in its ability to protect its customers' funds and allow them to access liquidity under a range of economic conditions.

> "R&T enabled us to streamline operations and enhance customer protection while maintaining liquidity."

R&T Customer:
State-Chartered Independent Trust Company

End Customer:
Trust and Estate Beneficiaries

Challenges:

- Limited FDIC insurance on large cash balances
- Operational burden of maintaining multiple banking relationships
- Difficulty aligning deposit solutions with beneficiary distribution schedules

Solution:
The Demand Deposit Marketplace® (DDM®) Program

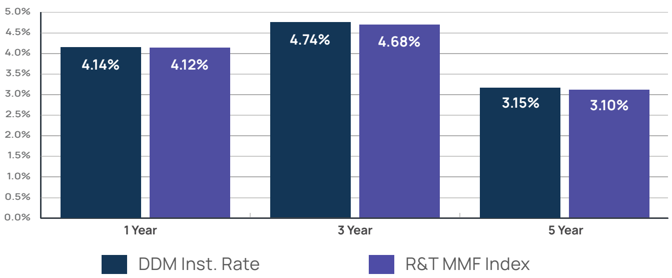
Benefits:

- Provide access to expanded FDIC insurance on client balances up to a program limit of $60 million per customer identifier (e.g., TIN)
- Simplify administration by maintaining single relationship
- Flexible liquidity management to meet trust distribution requirements
- Reporting and 1099 generation for beneficiaries
- Competitive yield[1] compared to MMFs or traditional accounts

Solution

The trust company leveraged the Demand Deposit Marketplace® (DDM®) program administered by R&T. The company was onboarded using a custody arrangement with a bank that was already participating in the program. The trust company was then able to move large customer cash positions off its balance sheet, providing its customer with access to expanded deposit insurance coverage up to the program limit, by allocating these balances across multiple FDIC-insured, interest-bearing accounts in R&T's network of receiving institutions.

Performance Data



* R&T MMF Index: TSTXX, DGCXX, GOFXX, GOTXX, TOIXX, FRGXX, FGTXX, NITXX. All performance data net of fees as of 12/31/25. The R&T/ MMF Index represents 8 commonly used MMFs, sourced from the monthly Crane Money Fund Intelligence Report.

The DDM program eliminated both the risks associated with traded securities and the need to manually spread deposits across multiple banks. And because the trust company's customers have a direct interest in the deposits at each bank, there was no liquidity risk from potential board-imposed liquidity gates. Customer funds maintain access to liquidity[2] while earning a competitive rate[1], as shown in the chart, and enjoying access to expanded deposit insurance coverage up to the program limit.

Results

By implementing the DDM program, the trust company:

- Provided customers with expanded access to FDIC deposit insurance coverage up to a program limit of $60 million per customer identifier (e.g., TIN)
- Avoided NAV price risk
- Reduced operational complexity and administrative burden
- Streamlined trust company beneficiary distributions through daily liquidity options
- Achieved competitive returns[1] versus MMFs
- Simplified reporting and tax documentation

Whether managing estates, trusts, or pooled cash accounts, trust companies can streamline asset management while boosting efficiency with R&T's solutions.

1 While interest rates obtained on funds placed at receiving institutions under the DDM program may, under certain circumstances, outperform cash alternatives, such as money market funds, the primary objective of the DDM program is to provide customers with convenient access to expanded deposit insurance coverage on their funds (and not for investment enhancements or higher rates of returns or profits).

2 Under the DDM program, funds are deposited into demand deposit accounts (DDAs) or money market deposit accounts (MMDAs) at receiving banks or share draft accounts or share accounts at receiving credit unions. While your customers' funds are held in MMDAs or share accounts, the return of your customers' funds from the DDM program may be delayed as, under federal regulations, the receiving institution is permitted to impose a delay of up to seven days on any withdrawal request from an MMDA or share account.

Contact us to learn more:

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