

USE CASE

Trust Company Enhances Fiduciary Oversight and Expands 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, comply with regulatory requirements, 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 scrutiny on fiduciary oversight and pressure to preserve capital and operational efficiency, the trust company needed a solution that aligned with its duty of care and instilled confidence in its ability to access liquidity under a range of economic conditions.

“R&T enabled us to fulfill our fiduciary obligations while streamlining operations and enhancing customer protection.”

– Trust Company Chief Fiduciary Officer

R&T Customer:

State-Chartered Independent Trust Company

End Customer:

Trust and Estate Beneficiaries

Challenges:

- ▶ Fiduciary obligation to preserve capital
- ▶ Limited FDIC insurance on large cash balances
- ▶ Operational burden of maintaining multiple banking relationships
- ▶ Difficulty aligning deposit solutions with beneficiary distribution schedules

Solution:

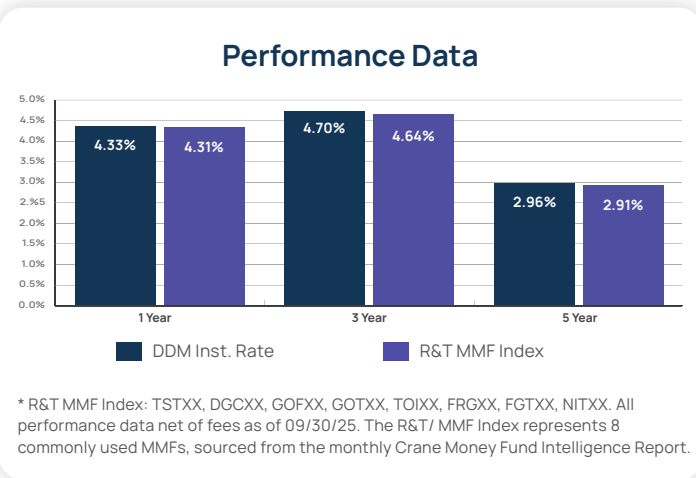
The Demand Deposit Marketplace® Program (DDM®)

Benefits:

- ▶ Maintain expanded FDIC insurance on client balances
- ▶ Simplify administration by maintaining single relationship
- ▶ Flexible liquidity management to meet trust distribution requirements
- ▶ Reporting and 1099 generation for beneficiaries
- ▶ Competitive yield¹ 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 and access expanded deposit insurance coverage by allocating these balances among FDIC-insured², interest-bearing accounts across R&T's network of receiving institutions.



This solution 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 liquidity³ while earning a competitive rate, as shown in the chart, and enjoying access to expanded deposit insurance coverage.

Results

By implementing the DDM program, the trust company:

- ▶ Provided customers with expanded access to FDIC deposit insurance coverage
- ▶ Avoided NAV price risk
- ▶ Reduced operational complexity and administrative burden
- ▶ Streamlined trust company beneficiary distributions through daily liquidity options
- ▶ Assisted the trust company in meeting its compliance obligations
- ▶ Achieved competitive returns¹ versus MMFs while providing access to liquidity and expanded deposit insurance
- ▶ 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, CDMX, and RTID programs may, under certain circumstances, outperform cash alternatives, such as money market funds, the primary objective of the DDM, CDMX, and RTID programs 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, your institution may be permitted to allocate your customers' funds to participating receiving institutions in increments of up to \$250K per customer identifier (e.g., TIN), per account ownership category, per receiving institution, subject to approval and relevant agreements with R&T.

³ Under the DDM, CDMX, and RTID programs, 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, CDMX, and RTID programs 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:

866-237-2752 | info@rnt.com | www.rnt.com

Terms & conditions apply. Click [here](#) for R&T's list of insured receiving institutions in the DDM, CDMX and RTID programs. R&T is **not** an FDIC or NCUA-insured institution. FDIC and NCUA insurance only covers the failure of an FDIC or NCUA-insured institution, respectively. Certain conditions must be satisfied for pass-through deposit insurance coverage to apply. The DDM, CDMX and RTID programs, themselves, as well as R&T's other services are **not** insured by the FDIC or NCUA, are not deposits and may lose value. Click [here](#) for additional legal disclosures.

Version MKT-268-001 – 19 November 2025