

# Kearny Insured Liquidity Sweep FAQs

## ***How are banks vetted in the system?***

Banks that are deposit taking banks within the program are only considered if they are categorized as “well capitalized” by the FDIC and have no outstanding enforcement actions such as cease and desist orders, particularly as it relates to capital structure. Status is evaluated quarterly.

## ***Have you experienced a bank failure within the program?***

The program administrator has not experienced a bank failure within the sweep program.

## ***How do we know where our money is?***

Total balance levels may be accessed daily on Kearny Bank’s Online Banking. Monthly statements provide the name of each bank and the corresponding balance at each bank. Details of deposit placement amongst program banks may be accessed during the month via the program administrator’s online system.

## ***Are there any restrictions or delays to access funds?***

The system provides daily liquidity. Funds may be accessed on any banking day without penalty. All transactions (checks / wires / EFTs / deposits) flow through the checking account as usual. Funds are automatically transferred to and from the sweep account as needed.

## ***What if I already have funds in one or more of the banks in the program?***

A current list of participating banks is provided at account setup. An account holder may ‘opt out’ of banks on the list to avoid exceeding the FDIC Insurance limit of \$250,000 per institution/tax ID.

## ***If we deposit up to the program maximum is interest posted still insured?***

Maximum insurance limits are set to allow a cushion for ‘opting out’ of several banks as well as interest posting. Should the balance approach a critical level, the account holder is notified of potential insurance cap and may choose to leave the funds in the program or remove excess funds.

## ***How is interest posted?***

Interest is posted on the last day of the month and is reinvested in the program.

## ***How is interest calculated?***

Interest is accrued daily and paid monthly using a standard simple interest calculation:  
 $((\text{Principal}) \times (\text{Rate}/365)) \times \text{Number of Days in Period}$

## ***Who pays the interest?***

Interest is paid by Kearny Bank. A 1099-INT is sent from Kearny Bank for tax purposes.



Corporate Headquarters:  
120 Passaic Avenue, Fairfield, NJ 07004  
1-800-273-3406 - kearnybank.com



### ***How does the sweep service work?***

Kearny Bank participates in a program (administered by a third party) in which the client deposits in excess of the \$250,000 FDIC insurance limit per depositor registration are automatically allocated to other FDIC insured accounts held at other banks in the program. This unique technology can protect your account with millions in FDIC insurance while having access to the entire balance on a daily basis.

***Example:*** A client of Kearny Bank opens an account and sets up the Kearny Bank Insured Liquidity Sweep with an initial deposit of \$1,000,000:

- First \$250,000 may be allocated to Kearny Bank or another bank in the network
- Next \$250,000 is allocated to another bank in the network
- Next \$250,000 is allocated to a third bank in the network
- Next \$250,000 is allocated to a fourth bank in the network

Any amount greater than the \$1 million – due to interest earned or deposits made – will automatically be allocated to the next bank in the program to ensure that the entire balance is fully FDIC insured. Regardless of how many banks are utilized, funds are available daily via check, wire, EFT, debit cards, etc.

### ***What happens if one of the participating banks fails?***

If a successor bank is named, there is no need for action since the bank will continue to function normally.

### ***If a successor is not named:***

- The program's administrator's proof and control division will ensure balance and month to date interest has been reconciled.
- The program administrator creates FDIC claim data file and associated paperwork.
- Upon receipt of money from the FDIC (usually within 48 hours), funds will be posted to Kearny Bank Accounts and reallocated among remaining program banks.

### ***What happens if Kearny Bank fails?***

If a successor bank is named, there is no need for immediate action since the bank will continue to function normally.

### ***If a successor bank is not named:***

- The program's administrator's proof and control division will ensure balance and month to date interest has been reconciled.
- The program administrator creates FDIC claim data file and associated paperwork.
- Upon receipt of money from the FDIC (usually within 48 hours), funds will be posted to Kearny Bank Accounts.
- Funds placed at other program banks are still insured and liquid.
- If program is terminated, all funds are returned to the account holder from participating banks.



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