TRUST INVESTMENT **19460**
(Revised 03/13)

Government Code section 11012 requires any state department with some exceptions, authorized to deposit funds in bank accounts or to invest trust funds in securities to obtain prior approval from the Department of Finance (Finance). However, Finance approval is required only on transactions exceeding $25,000 for securities and balances exceeding the Federal Deposit Insurance Corporation (FDIC) limit for each bank account. Therefore, if any one transaction or the balance in an account exceeds these limits, the state department must obtain Finance approval. Finance approval is not required for the state departments listed in Government Code section 11012 or exempted by other statutes.

Generally, trust money not under the control of the State Treasurer should be deposited or invested only if the interest earnings (1) will accrue to the individual accounts of or directly benefit a group of wards, patients, students, or inmates, or (2) will accrue to a trust account or fund established for gifts and donations that is dedicated to assisting wards, patients, students, or inmates, or (3) will affect the charges for auxiliary nonprofit and nonstate supported activities and services furnished to wards, patients, students, or inmates.

In any circumstance, it is the state department's responsibility to ensure that the bank or savings and loan association is insured by the FDIC or Federal Savings and Loan Insurance Corporation, respectively. Additionally, the state departments may deposit in excess of the FDIC limit in any one bank or savings and loan association, if the state department notifies the State Treasurer that the collateral requirement has been met. See SAM section 8002 for collateral requirements.