

By Ann Carrns

Aug. 17, 2018

As personal banking goes digital, safe deposit boxes may seem a relic from the analog age. Yet some people still want the security of storage away from home for valuables, important papers and sentimental keepsakes, financial advisers say.

A safe deposit box is a locked storage bin, usually in a vault or secure area that banks and credit unions rent. Typically, customers receive two keys, and must check in with a bank employee, who uses a second “guard” key in tandem with the customer’s key, to unlock the box. Some banks may offer a single key system that allows the renter to have vault access by scanning a finger or a hand.

Federal regulators and industry groups said they don’t have statistics on the use or availability of safe deposit boxes, but some banks and financial advisers said demand has been slack.

A Bank of America spokeswoman, Betty Riess, said demand for the boxes has dropped “significantly,” particularly among younger customers who prefer digital storage of documents. Fewer than half of its safe deposit boxes are rented, she said. Elyse Foster, a financial planner in Boulder, Colo., said that when she contacted several banks on behalf of a client to ask if they offered safe deposit boxes, “I kept getting ‘no’ answers.” Ms. Foster said she was told that the boxes took up too much space and that demand had fallen in favor of home safes.

But Elizabeth Seymour, a spokeswoman for JPMorgan Chase, said that while she did not have historical data available, Chase currently has safe deposit boxes in more than half of its branches and that they are still very popular with customers.

David McGuinn, a nationally recognized safe deposit box consultant in Houston, said there were still millions of boxes rented and plenty of bank and credit union branches offering them. He said they are still considered “the safest place to store anything you consider valuable or difficult to replace” and many of my clients have expanded their vaults to accommodate growing box renter waiting lists.

So what should you keep in one?

The bank boxes are best for storing documents and valuables that you usually don’t need on short notice. The Federal Deposit Insurance Corporation says “[good candidates](#)” include originals of birth certificates, property deeds, car titles as well as paper United States savings bonds that haven’t been converted into electronic versions (availability of paper savings bonds is limited these days).

If you travel often or on short notice, keeping a passport in a safe deposit box may be inconvenient, since you can access the safe deposit box only during regular bank hours. A home safe may be a better choice. The Wirecutter, a New York Times company that reviews and recommends products, tested and [recommended fireproof home safes](#).

Estate lawyers generally frown on keeping wills in safe deposit boxes in case access to the box is restricted after the owner’s death. That may cause delays in retrieving the will. “When a person dies, you may not be able to get to it,” said T. Randolph Harris, a lawyer specializing in estate and trust planning at McLaughlin & Stern in New York. He advises clients to keep the original will with their lawyer, and to keep a copy at home in a secure place like a locked file cabinet.

Storing emergency cash in a safe deposit box is also unwise, advisers say. Unlike money in a deposit account, cash in a safe deposit box isn't insured by the F.D.I.C., and it may be vulnerable to theft. This year, the Federal Reserve Board [took punitive action](#) against a former bank employee who stole \$30,000 in cash from a customer's safe deposit box.

Financial institutions aren't immune to risks from natural disasters. During Hurricane Harvey numerous safe deposit boxes secured in bank and credit union vaults were affected. So it's best to select a high box and seal documents or other items that may be damaged by flood in secure plastic bags or air-tight containers to help protect them from water damage, Mr. McGuinn said.

Paula Pierce, a lawyer in Austin, Tex., urged consumers to carefully read the contract for their safe deposit box, which outlines what happens if, for instance, you lose your key. The American Bankers Association said banks don't keep copies of your key, so if you lose yours, the lock must be replaced. Often, Ms. Pierce said, "there's a hefty charge for getting the box rekeyed," so keep it in a safe place and Mr. McGuinn recommends that consumers should never lock-up their extra key inside their rented safe deposit box.

Also, be sure to keep current on rental fees, Ms. Pierce said. Details vary by state, she said, but generally, after a period of notice, the bank may be allowed to sell the contents of the box to pay delinquent fees. Any excess money is turned over to the state as unclaimed property.

David J. O'Brien, a fee-only financial planner in Midlothian, Va., said he encouraged clients to take an inventory and to visit the box periodically to verify its contents. He said a relative's safe deposit box was mistakenly drilled open and emptied by her bank, which had confused it with another box with a similar number whose owner had fallen delinquent on rental fees. The box's contents — including a watch with sentimental value — were eventually recovered, he said. But the incident suggests that letting items languish indefinitely is a mistake. "You need to catalog what's in it," he said, "and then check on it."

Here are some questions and answers about safe deposit boxes:

How much does a safe deposit box typically cost?

Fees vary depending on the box location and size, and may range from \$20 to about \$200 a year. Customers with certain accounts may also receive a discount. Mr. McGuinn believes when consumers make this small annual investment they gain valuable security and significant peace of mind.

Are valuable items in my safe deposit box covered by insurance?

Not usually. The bank generally doesn't insure the contents of the box. So if you are storing jewelry or other valuables you should buy insurance separately, said Lynne McChristian, a spokeswoman for the Insurance Information Institute. Typically, you would have the item appraised, then "schedule" coverage for its replacement value on your homeowner's policy. Mr. McGuinn recommends that consumers should ask their agent to add a "Personal Article Floater" to their policy. Insurers often charge less to insure an item, if it's stored inside a secure safe deposit vault.

Is the fee for my safe deposit box tax deductible?

Not any more, said Lewis Altfest, chief executive of Altfest Personal Wealth Management in New York. Such fees previously could be taken as a miscellaneous deduction, in some cases, on your federal tax return, but the [deduction was suspended](#) as part of last year's tax overhaul.