

Safe Deposit Box or Home Safe? Today's Consumer Dilemma

The demand for home safes has spiked as numerous financial institutions face buy-outs, bailouts, near collapse or closures, and the Dow Jones continues its destructive plunge. Many investors and accountholders are electing to liquidate their investments and hoard their cash reserves as they prepare to ride out the worst recession in decades.

A loss of faith in the financial industry, and with few options available to keep cash reserves secure, caused some people to turn to home safes as an alternative to checking, savings and CD accounts or even safe deposit boxes which are equated with the tainted image of banks and credit unions. Many home safe manufactures and dealers have enjoyed a 70% escalation in sales over the past year.

One's first inclination might be to rush to a Home Depot, Office Max, Staples or Walmart and purchase a relatively inexpensive home safe. Some medium size safes can be bought for as little as \$150 dollars. However, inexpensive safes may only weigh between 100 to 150 pounds. Even two, not-so-hefty burglars could lift these safes and remove them easily from a home.

Home Safe Horror Story

As a safe deposit box consultant for over 40 years, you would think that I would be the last person to consider buying one of these popular home safes. Unfortunately, several years ago I tired of paying \$50 dollars a year for my safe deposit box, and I closed it. I then went to my local Home Depot and purchased a 300-pound home safe for \$299 dollars. One dollar a pound, sounded reasonable to me!

After my wife and I placed thousands of dollars in jewelry, cash, family heirlooms and other valuables in what we thought was a safe place, our home security system was compromised and our house was burglarized. This 300-pound safe was opened using crowbars, sledgehammers and other tools that the burglars found in my garage.

Needless to say, I am, once again, a safe deposit box renter. The thieves were "thoughtful" enough to leave behind our birth certificates, marriage license and other legal and estate documents. I also felt that any valuables we might accumulate in the future would certainly be more secure in a safe deposit box considering our past experience.

Home Safes Serve a Purpose

I would be remiss, however, if I failed to tout some advantages of using a home safe. Items that could be needed at a moment's notice such as passports, living wills or other medical records should be kept close at hand and available for instant access. Documents that are used frequently and would be difficult to replace or reproduce are also excellent candidates for home safes.

Even though I have regained my faith and rented a new safe deposit box, I sometimes imagine that I still have a very large home safe. Unlike my 300-pound weakling, this bad boy weighs thousands of pounds and resides inside a financial institution vault, behind a 12-inch thick vault door with reinforced concrete and steel walls. In addition, it is protected by a state-of-the-art

security system that is closely observed 24-hours a day by a bonded and professional security monitoring company.

Popular Misconceptions

There are several misconceptions surrounding safe deposit boxes that should be dispelled. **First**, there are no state or federal laws that restrict the storing of cash, coins or precious metals in a safe deposit box. Such laws would prove futile since they could never be enforced. Box contents are always confidential, the nature of which is known only to the renter. No financial institution can or should have this knowledge. **Second**, if an institution fails, safe deposit boxes are still secure. In the majority of cases, a troubled financial institution is usually acquired by another bank or credit union, in which case, it's business as usual. In the event that a failed institution is taken over by regulators, each box renter will be notified that his safe deposit box contents needs to be retrieved. In a worst-case scenario, the financial institution is permanently closed. Then, a list of contact numbers will be supplied to all box renters. Simply making an appointment would be all that would be required for box contents removal. Under no circumstances will safe deposit box contents ever be seized or impounded by the institution or the regulators.

Are My Valuables Safe?

Neither a home safe, regardless of its size or cost, nor a safe deposit box housed in the most secure vault can always protect against terrorism or the ravages of natural or man-made disasters. Hurricane Katrina and Ike caused the flooding of over 250 vaults. Renters and homeowners can take precautions to protect their property. It is recommended that all items stored in a box or a home safe be sealed in airtight plastic bags or watertight containers to minimize the risk of water damage

This brings us to the **third** misconception. A box renter should always be aware that safe deposit box contents are not insured by FDIC or NCUA, nor by their financial institution in whose vault the box is secured. To protect valuables against loss, renters might consider attaching a rider to their homeowner's policy, known as a Personal Articles Floater. The premiums for this insurance coverage are very reasonable, and this protection offers peace of mind to these renters.

Safe deposit boxes typically range in sizes from 2"x 5" to 10"x 10", and are 22" in length. Annual rental fees will run from \$15.00 to \$150.00 depending on the box size. These rental fees typically include an elaborate security system and unlimited access to box contents. Home safes certainly have their advantages, but the security, economy and convenience of safe deposit boxes should be viewed as a great bang for the buck. The safe deposit box and the popular home safe options have both earned their own unique place in personal property storage and security.

In Conclusion

In today's uncertain economy, consumers are asking some very difficult safe deposit questions. Financial institutions must be very careful when providing safe deposit legal and security advice to these consumers. Strict adherence to employee training must be followed to the letter. Without proper training, you could expose yourself to potential liability. If you need assistance simply contact Dave McGuinn at 713-937-9929 or visit www.sdspec.com. You must review your procedures and staff training now . . . **not after an employee or officer provides an incorrect answer to a consumer's question.**