



BOB CARLSON'S

Retirement Watch
SPOTLIGHT SERIES

How Safe Is Your Money?

What You Need to Know Before the Next Crisis

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Downturns Raise Fear Levels

- **More than market losses**
- **Assets disappear or seized**
- **Failures of insurers, pensions**
- **Can bank accounts be confiscated?**

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Pension Safety

- **Pension Benefit Guarantee Corp (PBGC)**
- **Be sure pension is insured**
- **Should receive annual information**
- **PBGC takes over obligations**
- **Monthly insurance limit**
- **Solvency of PBGC**
- **www.pbgc.gov**

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401(k), IRA Safety

- **Separate account or trust**
- **Not insured**
- **But consider individual assets**
- **Can lose value of course**

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Medical, Employer Benefits

- **Not likely guaranteed**
- **Employer must make payments**
- **Any insurer must be solvent**
- **Employee Benefits Security Administration**
- **www.dol.gov/ebsa**

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Insurance and Annuities

- **States regulate, insure, control**
- **Require minimum reserves, capital**
- **Most insurers 100+ years old**
- **Usually a guarantee fund**
- **Often takeovers are brokered**
- **Check commissioner, safety raters**

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Mutual & Money Market Funds

- **Not guaranteed or backed**
- **Separate entities**
- **Risk is the investments**
- **Reserve Primary Fund**

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Brokerage Accounts

- **Not your assets in most cases**
- **Should be SIPC-insured**
- **Brokers might buy additional insurance**
- **History of 100% customer recoveries**
- **Delay can be a factor**
- **Third parties are risks**

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Banks and the FDIC

- **Full faith and credit of U.S.**
- **\$250,000 limit, but effectively higher**
- **Spread money among accounts, banks**
- **Use EDIE system**

<https://edie.fdic.gov/index.html>

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Dodd-Frank and Bail-Ins

- Possible for bank to take some cash
- Must be in “orderly liquidation”
- Only balances above FDIC maximum
- Replace with stock of equivalent value
- Can keep excess cash elsewhere

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