



Protection of Your Accounts at Charles Schwab

We have received several calls from clients asking whether their accounts at Charles Schwab are protected by insurance in the event that Charles Schwab fails. One of the reasons we use Charles Schwab as our custodian is because they are a pioneer in the business and have a consistent financial track record. In addition, they offer the highest protection available for your accounts. Accounts of Charles Schwab & Co., Inc. (including those held by clients of investment advisors with Schwab Institutional) are insured by SIPC in the event of Charles Schwab's failure. Additional brokerage insurance is provided to Charles Schwab accounts through Lloyd's of London. This additional protection becomes available in the event that SIPC limits are exhausted. Schwab's coverage with SIPC and Lloyd's combined provides protection of securities and cash up to \$150 million per customer.

Here is how it works. Your stocks, bonds and mutual funds are actually held with the transfer agent of the individual security companies themselves. Schwab acts only as an agent to facilitate record keeping and trading. Therefore your individual securities would be recovered through the corresponding transfer agents for each security. The Schwab money markets are considered securities and are therefore covered by SIPC up to \$500,000 per account held in a separate capacity (e.g., joint tenant, IRA). Amounts over \$500,000 are covered by Lloyd's of London.

Not all broker-dealers are covered to this extent. Some do not offer additional insurance beyond SIPC and some insure using less secure insurance vehicles. We are confident that Schwab has taken every precaution available to safeguard your assets. Please feel free to call us if you would like further information in regard to your specific situation.

Lyn Dippel, Chief Compliance Officer.