

CREATE
AND LIVE YOUR
BEST RETIREMENT

Is my money safe?

LA 457



CITY OF *Los Angeles*
DEFERRED COMPENSATION PLAN

April 2023

Recent events in banking industry

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- Collapse of Silicon Valley Bank (SVB), Silvergate Bank, and Signature Bank in early March 2023
- With the collapse of these regional banks, DCP participants inquired about the health of Schwab Bank in response to news reports
- General questions about whether participant money is safe and what happens when institutions fail

Participant assets are held in trust

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DCP Assets are held in a trust for the *exclusive benefit* of DCP participants.

- Assets are held in trust for the exclusive benefit of participants and beneficiaries, separately from City of Los Angeles and Voya assets
- Voya is a directed trustee and does not have discretionary control

Additional considerations

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FDIC-Insured Savings Account

- For DCP, participant deposits up to \$500,000 are FDIC-insured
- Balances above \$500,000 are required to be collateralized by each bank

DCP Stable Value Fund

- To smooth market volatility
- “Wrap” (insurance)

Core options

- Subject to market risk
- Multi-manager fund structure



Additional considerations

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Schwab PCRA

- Money market account and FDIC, Member SIPC
- Schwab Bank
 - Collectively, more than **80% of client cash held at Schwab Bank is insured dollar-for-dollar by the FDIC.** According to S&P Global Market Intelligence, that percentage is among the highest of the top 100 U.S. banks. As a comparison, the banks in the news have between 2% and 20% of their deposits insured.
 - Schwab has **access to over \$80 billion in borrowing capacity** with the Federal Home Loan Bank (FHLB), which is an amount greater than all our uninsured deposits. That helps provide the firm significant access to liquidity, so money is there when clients need it.
 - Investments at Schwab are **held in investors' names** at the Broker Dealer. Those are separate and not comingled with assets at Schwab's Bank.
 - Schwab does not have any direct business relationship with Silicon Valley Bank or Signature Bank, so we do not have exposure to any direct credit risk from either.