



## FAQ regarding Charles Schwab March 24, 2023

You may be aware that several US banks have had liquidity issues which have led to recent instability and concerns in the US financial markets. One of the institutions mentioned in fallout is The Charles Schwab Corporation (Schwab). The Marvell 401(k) Plan is managed by Schwab, so naturally we had questions regarding the recent events. Walt Bettinger, Schwab Co-Chairman and CEO immediately addressed Schwab's business and reassured the markets that Schwab was much different than the other banks in the headlines. Here is a link to Walt's statement: <https://www.aboutschwab.com/> We contacted Schwab directly and provide our findings below in the form of a Q&A.

**Question: How does Schwab protect the Marvell employees' 401(k) accounts, and are our 401(k) accounts subject to creditors if Schwab were to fail?**

**Answer:** Schwab administers Marvell's Section 401(k) Plan. The money sent to Schwab for employees' 401(k) accounts is held in the trust department of Charles Schwab Trust Bank and is required by law to be held separate from the bank's assets and balance sheet. The Trust accounts are not subject to the bank's creditors so that even if the Schwab bank or any other entities were to fail, any cash or stock held in the Trust would be untouched. The Securities Exchange Commission ("SEC") mandates that Schwab segregate the Trust assets from Schwab's consumer/commercial banking assets and liabilities so as to ensure safekeeping of Trust assets. In addition, the 401(k) accounts in the Trust are protected under the Employee Retirement Income Security Act ("ERISA") and SEC broker/dealer oversight rules.

**Question: Are our 401(k) assets protected from Marvell's creditors?**

**Answer:** Similar to the answer above, the Marvell 401(k) Plan assets are held in a trust and are not considered part of Marvell's assets. Marvell creditors would have no claim to 401(k) assets.

**Question: Are 401(k) assets protected from an individual employee's creditors?**

**Answer:** Yes. Employee sponsored retirement accounts such as 401(k) plans receive special creditor protection in the event of legal liability, personal injury lawsuit, or bankruptcy.

**Question: Are assets held in the Schwab Personal Choice Retirement Account (PCRA) protected from all creditors?**

**Answer:** Yes. If you have a brokerage account linked to your 401(k) plan, the assets within the PCRA are considered part of your 401(k) balance and, therefore, receive the same level of protection from creditors.

**Questions: Is the cash portion of my PCRA account FDIC insured?**

**Answer:** Yes. The cash portion of your PCRA account receives extended FDIC coverage, in excess of the standard \$250,000 by sweeping account deposits into one or more FDIC-Insured Program Banks.

**Question: Where can you get more information on FDIC or SIPC protection on my Schwab PCRA account?**

**Answer:** For additional information, or specific inquiries about your account and coverage, you can reach out to Schwab at 888-393-7272 M-F 9:00 A.M – 7:30 PM ET

**Message from Charles Schwab (3/16/2023):** <https://www.aboutschwab.com/my-perspective-on-recent-industry-events>

**Schwab's asset protection:** <https://www.schwab.com/legal/account-protection>