The End of the Safe Deposit Box for Wealth Storage

by Jeff Thomas

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On 1 April 2015, Chase bank in the US advised clients who rent safe deposit boxes from them that there would be some changes in their policies. Of particular interest is the following condition:

*"**Contents of box:** You agree not to store any cash or coins other than those found to have a collectible value."*

Interesting. After all, cash and precious metals are traditional primary stores of wealth. Why single them out as no longer being acceptable?

As readers of this publication will know, the banking world, increasingly, is pushing people to put their wealth into cash, and their cash into banks in the form of deposits. In this effort, they're being assisted by many of the world's governments, which are rapidly increasing the level of legislation that controls what individuals are allowed to do with their own wealth.

Many people who see the writing on the wall are doing whatever they can to exit the banking system as much as possible, in spite of the fact that the banking system is essential to most types of economic transactions.

As I've stated previously in "Capital Punishment," I believe that the existing form of paper-and-coin currency will be eliminated and replaced by an electronic one, which will be wholly controlled by the banks. (Direct transactions between private parties will end.)

After this is completed, confiscations will occur. Again, these will be implemented by the banks. But in order to maximise the amount that will be taken, it will be necessary to force people out of other forms of wealth storage and into bank deposits.

Looked at in this light, the otherwise seemingly arbitrary restriction on cash and precious metals in safe deposit boxes makes complete sense. Should a bank perform a confiscation on accounts, whatever was in the safe deposit boxes would remain safe.

And even in a confiscation, banks would be reluctant to raid safe deposit boxes, as they would a) have to force them open, and b) have to deal in some way with the non-monetary contents of the boxes, such as documentation and fine art. To do so would glaringly expose the banks as plunderers (assuming the theft of deposits had not already achieved that end).

Cashing In

And so, it makes perfect sense to give box holders the nudge to remove their cash and precious metals. Since the holders would understandably prefer not to take the cash home and stuff it in their mattresses, they would be encouraged to deposit it, where it would be exposed to confiscation.

And the precious metals? Also not a good item to have lying around the house. Bank clients might come to the conclusion that it was time to cash in the "barbarous relic" and deposit the proceeds.

In the future, we can expect to see more and more steps taken by banks and governments to squeeze people out of *all* other forms of wealth storage to as great a degree as they can manage, and to squeeze them into deposits in banks as the *only* workable choice. When this has been perceived by them to have been achieved to the optimum degree, it will be time to spring the confiscation trap.

The EU, US, Canada, and several other jurisdictions have, one after another since 2010, passed bail-in legislation, allowing banks carte blanche in deciding when and how much they wish to confiscate. In my belief, confiscation will take place worldwide and without warning. One Monday morning, depositors will wake up to the realisation that, over the weekend, confiscation had taken place and their deposits had been raided.

Again, this is already *legal* in many countries.

A "Reasonable" Confiscation

The EU has declared that a "reasonable" confiscation might be all deposit amounts over €100,000, but there can be no certainty that they will ultimately limit their confiscation to that amount. Further, the IMF has recently run *another* confiscatory idea up the flagpole—an across-the-board percentage-based confiscation on all deposits. At this point, there can be no certainty as to how many different confiscations will occur, let alone what the total rape of deposits will be.

Banks are now a time bomb for depositors. Wealth storage in safe deposit boxes looks to become a thing of the past.

What to Do?

So, what to do? At this point, it would be wise to retain only three months expense-money in *any* bank, and even that amount should be regarded as sacrificial.

Beyond that, those who hope to protect their wealth from confiscation are becoming increasingly limited as to what forms of wealth storage are available to them. Considering the fragility of the bond and stock markets and the concurrent fragility of hedge funds and retirement funds, the most viable choices are precious metals, land, and built property. And these are truly safe only if they are located in jurisdictions that have no confiscatory laws.

Ideally, the investor would be best protected by selecting several such jurisdictions and spreading his wealth amongst them. If this isn't possible, he would be best protected by selecting the most advantageous single jurisdiction that protects him in as many ways as possible.

On the surface, this would seem to be a monumental task. However, there are, for example, only three countries in the Western Hemisphere that have *no* property tax of any kind. (Even a small property tax allows a government to claim that the tax has not been paid, so the property may be taken.)

In addition, many countries in the Western Hemisphere operate under the Civil Law system, which allows squatters to take possession of property, whilst English Common Law (UK and dependant territories) provides certainty of ownership, regardless of the citizenship or residency of the titleholder.

The above protection is essential if the investor wants to ensure that if he buys a property in another jurisdiction, he can depart from his property, yet retain full ownership, with no obligations of any kind to any government.

With regard to precious metals, the number of private non-bank wealth-storage facilities is on the increase worldwide, in reaction to the increasing demand for alternatives to bank storage. Any top-rated facility, with a Class III vault can potentially fill the bill, but again, the key is to select one that's located in a jurisdiction where there's a history of stable, non-intrusive government, where no confiscatory laws exist, and where there's no taxation or regulation of any kind on either the purchase, ownership, transportation, or storage of precious metals, or the profit generated by a sale.

(Editor's Note: We discuss in great, actionable detail our favorite *non-bank* storage facilities and the safe jurisdictions they are located in, in our ***Going Global*** publication.)

The elimination of safe deposit box storage of cash and precious metals is a further bellwether that the noose is tightening on the ability to store wealth. However, precious metals are the one form of money that is not also the liability of any government and is therefore difficult for governments to control, let alone demand its repatriation. Likewise, a portfolio of land and built property in a non-intrusive, no-tax jurisdiction cannot be confiscated by foreign governments, except as an act of war.

As such, these two safe havens of wealth will continue, as they have for over 5,000 years, in spite of the efforts of rapacious governments.

Of one thing we can be certain: there will be no warning of impending confiscation. There will be no signs on banks advertising, “Last chance to get your money out—offer ends today!” Those who escape the loss of wealth will be those who have removed it in *advance* of any confiscation and converted it into a safer form, in a safer jurisdiction.

Editor’s Note: One expert on foreign real estate whom we’d highly recommend is none other than Doug Casey, the original *International Man*. Doug’s been to over 175 countries and invested in real estate in a number them. He wrote a thick and detailed chapter on foreign real estate, including his favorite markets, for our ***Going Global*** publication. It’s a must-read for those interested in this extremely important topic.