Advisor Connect

Operations Newsletter

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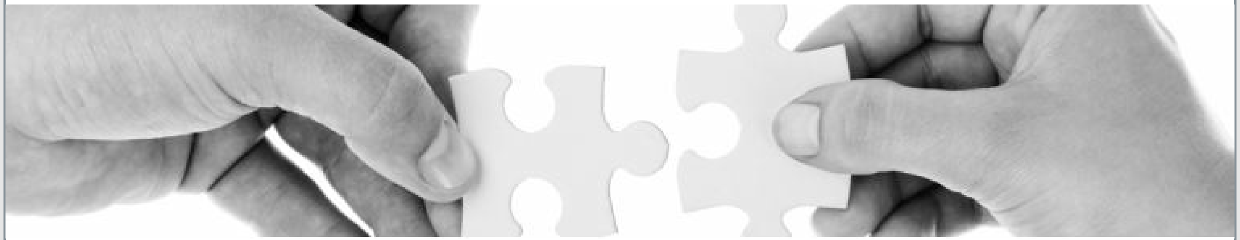

Schwab Visa Debit Cards

Schwab offers two types of Visa Platinum Debit Cards; one for Schwab Bank Investor Checking Accounts (HYIC) and one for Schwab One Brokerage Accounts. Clients will receive one of these cards based on their account registration when they request a debit card. Clients can use the debit card anywhere Visa is accepted, including using it at ATM's worldwide.

Schwab Bank Investor Checking (HYIC)
Clients will receive a Schwab Bank Visa® Platinum Debit Card when they attach an Investor Checking account to their Schwab account by completing the Add Schwab Bank Investor Checking Account to your Schwab One Brokerage Account Application and after the Investor Checking account has been funded with at least $100.

What are the eligible accounts?
• Community Property
• Individual
• Individual Transfer on Death
• Joint tenant
• Joint tenant Transfer on Death
• Living Trust
• Tenants in Common

What are some of the benefits?
• Each account holder receives their own Schwab Bank Visa Platinum Debit Card
• No monthly fees
• Unlimited ATM fee rebates
• No foreign transaction fees

Schwab One Brokerage Accounts
Schwab One account holders can request a no-annual-fee Schwab One Visa Platinum Debit Card by selecting the Checking Preference on their Schwab One Account Application. Below are some of the account types that qualify for this debit card. Click here to review the full list of eligible accounts.
These debit cards have a pin number, a special number that must be used at an ATM. To update a pin number, the client must call (800) 269-7419 and have the debit card in front of them along with their Schwab account number.

What are some of the eligible accounts?
• All tenants by entirety
• Community Property
• Individual Transfer on Death
• Joint Tenant Transfer on Death
• Community Property Transfer on Death
• Living trust

Schwab Hold Times for Deposited Funds

We at Gemmer know Schwab's rules can be confusing at times. To better answer your questions about the hold times for some deposit types and setting up Moneylink instructions, we have created the following guide:

• **Direct Deposits and Checks Issued by Charles Schwab for Deposit into a Schwab Account**: No hold time and available for disbursement right away.

• **Schwab One, Schwab Bank, Domestic checks, Certified Checks, Cashier's Checks and Government checks:** Available for withdrawal on the same business day if the amount is $25,000 or lower.
Amounts over $25,000 will be available for withdrawal if a 3:1 ratio covers the client's assets for the remaining amount. For example, $50,000 check deposit requires the client's assets to be at least $75,000.
The remaining funds are available 5 business days after the initial deposit day.

• **Incoming Wired Funds:** Available for withdrawal or transfer on the same business day.

• **Moneylink Deposit:** Beginning on the date the funds hit Schwab, they are subject to a 3-business day hold before any cash can be transferred or withdrawn.
Please be advised, the hold time can be increased if the moneylink has had any returned funds.

Enhancing Security: Setting Up a Verbal Password with Schwab

What is a Verbal Password?
In addition to two-factor authentication, a verbal password adds an extra layer of security when communicating with Schwab over the phone. This password is required before discussing account details or processing verbal instructions.

Setting Up Your Schwab Verbal Password: A Step-by-Step Guide:
1. **Call Schwab Alliance:** Dial (800) 515-2157.

2. **Verify Your Identity**: Provide your account number, social security number, or login ID.

3. **Request a Verbal Password:** Inform the representative that you want to set up a verbal password for your account(s). Specify which accounts to protect, as the password will apply only to those accounts.

What are some of the benefits?
• No annual fee
• Advance fraud detection
• ATM withdrawals up to $1,000 per day
• No foreign transaction fees

Going on Vacation?
As the holiday season approaches, we encourage clients to notify Schwab if they plan to travel (especially abroad) and intend to use their Schwab debit cards.

Some locations overseas may not accept Schwab debit cards.

Please click on the List of countries unable to use Schwab debit cards for the complete list.

Schwab American Express Credit Cards
Schwab offers two types of American Express Credit Cards; a Charles Schwab Investor Credit Card and a Platinum Card from American Express Exclusively for Charles Schwab for clients who maintain an eligible Schwab account.

These cards are based on credit approval by American Express and can be canceled if an eligible Schwab account is not maintained.

Clients can apply directly on the Schwab website (https://www.schwab.com/credit-cards) or by calling (866) 817-2639.

Who is eligible to apply?
Individuals 18 years of age or older with a valid U.S. home address (including in the U.S. territories and Puerto Rico) and an eligible Schwab account can apply for a credit card account.

What is an eligible account?
An eligible account means:

• A Schwab One® or Schwab General Brokerage Account held in the client's name or in the name of a revocable living trust where the client(s) are both the grantor(s) and trustee(s).

Schwab Investor Card® from American Express

What are some of the details?
• No Annual Fee
• $200 Statement credit after spending $1,000 in the first 3 months
• Unlimited 1.5% cash back into the eligible Schwab account
• 24/7 Dining and Events Assistant

4. **Confirm Two-Factor Authentication:** If you have two-factor authentication set up, confirm the 6-digit code sent to your mobile device or email.

5. **Create and Confirm Your Verbal Password:** Choose a password of up to 16 characters, including numbers and spaces. Examples include 3-4 random words, a short phrase, or a book title.

Password security:
To ensure your verbal password effectively protects your account, keep it confidential. Do not share it, avoid writing it down, and never carry it with you.

Changing or removing a verbal password:
• **To Change or Remove:** Clients may call Schwab Alliance at (800) 515-2157 or visit a local branch with a valid photo ID.

• **If Forgotten**: If a client forgets their verbal password, it cannot be reset over the phone. They must visit a branch with a photo ID or submit a notarized letter requesting to reset or remove the password. For clients with diminished capacity who have an existing DPOA, their authorized representative can reset or remove the password by contacting Schwab Alliance at (800) 515-2157. Financial advisors and Gemmer do not have the authority to add, change or remove verbal passwords on behalf of clients.

Note: Fidelity does not offer a verbal password option but provides robust security features, including multi-factor authentication, money transfer lockdowns, and security text alerts.

By following these steps, advisors can enhance client protection and manage risks associated with identity theft and fraud.

Gold Scam

At Gemmer, protecting clients from financial fraud is a top priority. Recently, instances of gold-buying scams have drastically increased, targeting elderly clients.

These scams involve a bad actor convincing a client to sell all of their assets and purchase gold, then tricking the client into handing over the gold.

Different versions of this scam have been reported:
• Building a fake romantic relationship with the victim to gain their trust and then convince them to buy and eventually part with the gold.
• Convincing the client that their account has been compromised and buying gold is the only way to protect their assets.
• Threatening that the client will be arrested if they don't pay a large amount of money with gold.

In today's modern world, gold can be purchased online and delivered right to a client's doorstep. After that, it's as simple as the scammer convincing the client to drop the gold off into the trunk of a stranger's car. Then, they drive away with what could be the client's life savings, never to be seen again.

Why gold?
Gold is difficult to track and easily hidden. It can be transported from state to state without

Platinum Card® from American Express Exclusively for Charles Schwab

What are some of the details?

• $685 Annual Fee
• 80,000 Membership Rewards Points
• Schwab Appreciation Bonus (Terms and limitations apply)
• Earn one Membership Rewards® point for every eligible dollar spent
• Membership Rewards can be used for deposits into eligible Schwab accounts

detection, sold to jewelers or other buyers, and then melted down, leaving no trace of the gold or the scammer.

Knowing your clients is the best way to prevent these kinds of scams.

What to watch out for:

• **Secrecy**: The client won't say why they are buying gold.

• **Nervousness or fear**: The client appears anxious or scared.

• **Urgency**: The client is under pressure to act quickly.

• **Influence of a New Person**: They have a new romantic partner or family member pressuring them to purchase gold.

Educating clients about these scams before they occur is the best defense. If you suspect a client has been approached by a scammer or is a victim of a scam, report it to the FTC reportfraud.ftc.gov and the FBI's Internet Crime Complaint Center at www.ic3.gov.

Navigating Fraud Prevention: A Post-Breach Guide for Effective Client Support and Account Security

Following the National Public Data (NPD) breach in Q2 2024, which exposed approximately 2.7 billion records—including social security numbers—on the dark web, swift action is essential when a client reports fraud. Fraud cases can involve email scams, undelivered mail (such as missing monthly statements for those who receive paper statements), unauthorized transactions, and more. Here is an effective approach to managing these situations:

Client Communication:

• **Immediate Response:** If possible, contact the client by phone to gather a detailed timeline of the situation.

• **Device Security:** Recommend the clients to run antivirus scans on any devices used to access their accounts. This helps detect and remove any viruses or malware, as the full extent of the compromise may not be immediately apparent.

• **Branch Visits:** Clients should report any suspicious account activity directly to Schwab Alliance at 800-515-2157, Fidelity at 800-544-6666, or by visiting their local branch. Be advised that retail branches may not always be fully equipped to handle such cases effectively. Financial advisors are better positioned to monitor accounts and can coordinate with Gemmer for the clients' protection. Initiating a fraud investigation through a retail branch may delay the advisor's ability to oversee the account(s) and prolong the resolution process.

Coordination with Gemmer:

Notify Gemmer immediately by phone at (925) 933-3786 or email clientrequest@gemmerllc.com when any type of fraud is reported. Our Operations team will then inform Schwab or Fidelity if the client has not already done so.
Informing Gemmer ensures thorough monitoring of account(s) activity, even if the client has already contacted the custodian.

Case Management:

Once fraud or potential fraud is reported, an incident case will be opened to assess the risk associated with the breach. If fraudulent activity, such as unauthorized transactions, is detected, a fraud investigator will reach out to the client, financial advisor, or Gemmer to discuss the next steps.
Each fraud case is handled individually, and resolutions may vary. During the investigation, clients may request specific account restrictions to help protect their account(s).

Schwab Clients: If a client's username and password are compromised, they can request Schwab to lock all web access through Schwab Alliance. Depending on the restrictions set by the client or custodian, Gemmer can retain trading authority, and all withdrawals will require verbal authorization from the account holder.

Fidelity Clients: Fidelity offers a similar voluntary account restriction known as an OZ restriction (No

Securities Out Per Client Request; Trading is OK). This restriction can be easily lifted if a distribution is necessary.

If no unauthorized activity is found, the investigation will be closed by the custodian. Clients should request the removal of any remaining account restrictions only after confirming that all their devices are secure.
Updating usernames and passwords should be the final step to prevent setting new credentials from potentially compromised devices or with a compromised email or phone number.

Compliance Corner

The DOL's Fiduciary Rule – Rule PTE 2020-02

I think a single word can be used to describe the evolution of the DOL's Fiduciary Rule since its introduction in 2010: CONFUSION! So far in 2024 the DOL's proposed amendments and adoptions – followed by judicial stays – are proving to be consistent with the history of the Rule.

Where do we stand now?

Continue to comply with Rule PTE 2020-02 (effective as of February 16, 2021). We are still required to deliver a PTE Analysis for every rollover (or transfer) recommendation.

For additional information, please contact Patti Mullin, or visit the DOL's website for a list of PTE 2020-02 FAQs.

Important: **Gemmer's PTE Analysis Workbook has been updated** and should be used immediately. Please let us know if you haven't received the updated version of the workbook. Previous versions should be archived.

Senior Investor Survey Results are In (mostly!)

Thank you for completing our Senior Investor Survey. Responses were insightful and will help us determine next steps.

If you haven't had a chance to submit your responses, there's still time **Click here for access to the survey.** I encourage everyone (if you haven't already done so) to take 5 minutes to submit their responses. Results will be sent out soon.

As always, if you have any compliance related questions or concerns, please don't hesitate to reach out to me at patti@gemmerllc.com or contact me directly at 925-933-3786 (ext. 14).

Questions? Contact the Operations team at clientrequest@gemmerllc.com