Advisor Connect

Operations Newsletter

Issue Number 9 Date 09/29/2017

Pros and Cons of Having Clients Set Up ACH Online Without the Advisor

Many custodians have started or have had the ability for clients to set up their own ACH link between their bank account and their investment accounts. Before your clients set these up on their own online, consider both the pros and cons.

Pros:

1. No paperwork has to be signed by the client, saving time and processing.
2. No voided check has to be sent, protecting bank account information.
3. Client can move funds at their convenience by using either SchwabAlliance.com or the Schwab Alliance App on their smart phone.

Cons:

1. Clients do not always inform advisors of their cash needs, causing either rejected requests or withdrawal of cash needed for other needs, i.e. fees or rebalancing.
2. Higher risk of fraud if your client's accounts have been compromised, with fraudsters setting up online ACH without verification from Gemmer. Schwab has seen an uptick in fraudulent "same account registration" ACH transactions. When this happens the financial advisor is held responsible to make the client whole, as they did not verify the accounts. If you and your client have discussed the pros and cons and have decided to move forward on having them set up their own ACH, please contact your Gemmer operations team so we can add the new ACH to our records and be available to help your client if needed with the setup. And always remember to confirm all money movement with your clients to help prevent fraud!

New Fraud Schemes

1. Voice Modulator- fraudsters using voice modulators to remove accents when talking to advisors during verification.

2. Buying new "lake house" or second property.

3. Moneylink for same account registration - largest loss seen by Schwab was $870,000. This advisor was responsible for paying this amount to make the client whole.

4. ACAT transfer (**NEW**) – fraudster opening an account and initiating an ACAT transfer out request. None have been successful as of yet. Surprise transfers out can also happen when a client wishes to terminate the relationship, so contacting the client to confirm intentions is good practice.

Increase of Fraud for 1st Party Wires

Fraud fraud fraud! Between the Equifax data breach and numerous communications from us about fraud, you may be on high-alert about the importance of protecting your clients. Recently, Schwab has seen an uptick in fraud attempts for first-party wires. In an effort to stay a step-ahead of the fraudsters, both Schwab and Gemmer have tightened the procedure for one-time and/or standing instructions for all new first-party wire requests. Your client will need to sign the Schwab Wire Transfer form and Gemmer will need to verbally speak to the client to confirm the receiving bank account information. The only difference between the procedure for first-party and third-party wires is that standing instructions are not allowed on third-party wires.
It is Gemmer's procedure to contact all clients about any wire regardless of the receiving account or custodian.

Ask your Operations Expert

Q: My client is getting a lot of mail. How do you suppress some of the mailings?

A: We get this question a lot. The client must initiate this request on their end. The client must have a login for the Schwab website. Attached is a pamphlet with instructions on how to create a login. Once they have set up a login, they will go to the Schwab website, click on "Account Services" on the right hand side of the screen and click on "Paperless Services". The client would check the box to "enroll in paperless" for each document type (Statements & Account Documents, Trade Confirmations, Shareholder Materials, and etc.) and fill in their email address. Click on Submit and they are done!

Stay Tuned Section:

Gemmer will be contacting advisors about our annual client meeting later in the 4th quarter. Please let us know if you would like to add any prospective clients to the mailing list. As the year ends, we will continue to send advisors an update on their clients 2017 RMDs; in addition we will be sending advisors an alert on clients who have missing cost basis.

EASY, SECURE ACCESS

Signing up for Schwab Alliance gives you access to your account information virtually anytime, anywhere, while saving time and paperwork.

Designed for investors like you, these helpful tools enable you to stay informed about your accounts while still relying on the one-on-one guidance provided by your independent advisor.

charles SCHWAB

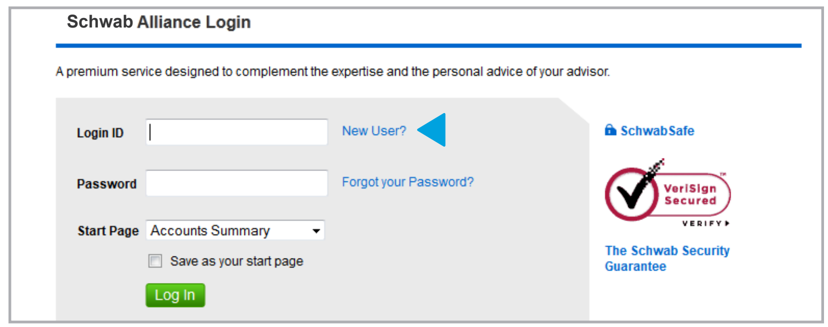
Sign up today

TIP: Please have your most recent account statement on hand. If you don't have a statement available, please contact your advisor for assistance. Having your advisor initiate your online enrollment will allow you to skip steps 1 and 3.

HERE'S A SIMPLE STEP-BY-STEP GUIDE:

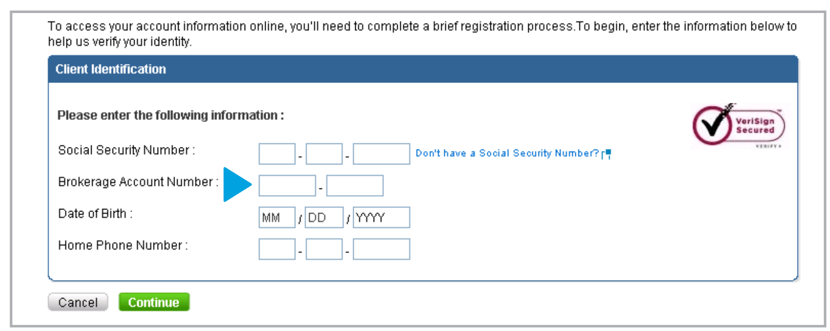
1 Go to schwaballiance.com and click "New User?"

You can skip this step if your advisor initiated your online enrollment. Simply click the link provided by your advisor via email within seven days.[1]



2 Enter account information

Your brokerage account number is the eight-digit number at the top of your account statement. If you own more than one account, you can enter any one of those account numbers.



1. If the link expires, ask your advisor to resend.

3 Authenticate via account securities

Refer to your account statement to confirm which of the securities listed is held in your account. If your account is new and assets haven't transferred yet, select "NONE OF THE ABOVE." You can skip this step if your advisor initiated your online enrollment.

Authentication

As an added security measure, please choose which security is held in this account.

Only one attempt is allowed.

- T. ROWE PRICE MID-CAP GROWTH FUND,(RPMGX)
- SIERRA PACIFIC RESOURCES(SRP)
- ALTRIA GROUP(MO)
- SCHWAB SMALL-CAP INDEX FUND-SELECT(SWSSX)
- SYNAVANT INC(SNVT)
- WASATCH CORE GROWTH FUND(WGROX)
- ADV FIBRE COMMUN INC(AFCI)
- VANGUARD INTERMEDIATE TERM TAX-EXEM(VWITX)
- LINEAR TECHNOLOGY CORPORATION(LLTC)
- NONE OF THE ABOVE

Cancel Continue

4 Select primary account

Create a nickname for your account and select the purpose (optional).

Account List

			Personalize Your Account Display	
Account Number	Type	Primary Account	Create Nickname	This Account is for(Optional)
5101-1438	Schwab One			Select One

If any of your accounts missing, please contact your service team or call us at **800-435-4000**.

Cancel Continue

5 Create your login ID and password

Choose a secret question and answer to make any future password resets easier. For your own security, do not share this information with anyone, including your advisor.

Login ID & Password Setup

Create a Login ID

Enter a Login ID : JSmithDemo 6-20 characters with at least 1 letter

Create a Password

Enter Password : ••••••• 6-8 characters with at least 1 number between letters

Re-enter password : •••••••

Choose a secret question : At what hospital were you born?

Secret question answer: •••••••••••••••• 5-30 characters

Re-enter answer : ••••••••••••••••

6 Verify information

If anything is inaccurate, click "Change Information."

Account List Change Information

Account Number	Type	Primary Account	Nickname	Grouping
5101-1438	Schwab One	Primary		

Login ID & Password Confirmation Change Information

Login ID	JSmithDemo
Password[1]	*******
Secret Question	At what hospital were you born?
Secret Answer[1]	***************
Email	john.sample@email.com

7 Review and accept user agreements

Review the user agreements and click "Agree" for each to accept their terms.

Addendum and the Agreement as relates to Information Providers. To the extent you have any claims against or by NASDAQ (not involving Schwab) arising out of the Agreement or this Addendum, those claims shall be governed by and construed and enforced in accordance with the laws of the State of Maryland without reference to principles of conflicts of law, and you consent to submit to the jurisdiction of the courts of or for the State of Maryland in connection with any such claim.

ACCEPTED AND AGREED: I acknowledge that I have read the preceding terms and conditions, and that I understand, assent to, and agree to comply with, those terms and conditions.

Exit Agree

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8 Enroll in paperless delivery

Sign up for electronic delivery of key account documents. You can enroll all eligible accounts, or select specific accounts or documents you wish to enroll.

Document Delivery Preferences

Switch to paperless services and reduce the amount of mail you receive. Read our Paperless Documents Informed Consent.

Review your paperless preferences and click Go to Schwab.com below. If you don't want electronic delivery for certain documents, unselect those for each account.

☑ Enroll all eligible accounts

Account Number	Account Type	Nickname	Trade Confirmations	Statements	Shareholder Documents
5101-1438	Schwab One		☑	☑	☑

Enter an email address to receive your paperless documents

Email Address john.sample@email.com

You can change your document delivery preferences and email address at anytime on Schwab.com.

Consent to receive paperless documents

You consent to receive and read in electronic format the Paperless Documents Informed Consent.

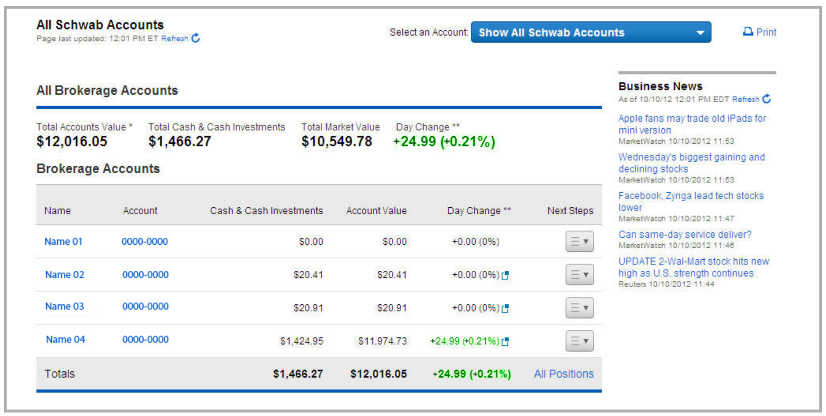
☐ I Consent

Exit Go to Schwab.com

If you already have online access to Schwab Alliance, go directly to **schwab.com/sa_gopaperless** to sign up for electronic delivery. If you have any questions or need further assistance, call a Schwab Alliance specialist at 800-515-2157 or ask your investment advisor to initiate your online enrollment.

Monitor your investments easily and securely

- Get instant access to your account information—online or on the go—with Schwab mobile apps.
- Count on fast, secure, paperless delivery of important documents—including account statements, trade confirmations, and tax reports.[2]
- Access up to 10 years of archived materials.
- Check the status of transactions your investment advisor has made on your behalf.
- View a full, clear snapshot of your accounts—including balances and a summary of individual holdings.
- See all of your Schwab accounts—including brokerage, bank, and employer-sponsored accounts—in a single view.



Get instant access to your account information.

Ask your advisor to initiate your online access to Schwab Alliance, or simply register at **schwaballiance.com.** It's free, fast, and easy.

2. You must be listed as the account owner in order to enroll in electronic delivery. You may also be eligible for lower electronic equity trade commissions if you enroll in electronic delivery.

Sign up for online access today, or call a Schwab Alliance specialist at 800-515-2157.

The Schwab Mobile Deposit service is subject to certain eligibility requirements, limitations, and other conditions. Enrollment is not guaranteed, and standard hold policies apply.

Access to electronic services may be limited or unavailable during periods of peak demand, market volatility, systems upgrade, maintenance, or for other reasons.

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