Advisor Connect

Operations Newsletter

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Does Schwab look for Beneficiaries?

While Schwab only requires clients to add beneficiary name and percentage for their beneficiary forms, it is always best practice to fill in as much information on the form as possible. Why is that you might ask? While it is not common, there are times when a beneficiary cannot be easily found.

If this is the case, Schwab will hire an investigator to attempt to locate them (at the expense of the decedent's estate, this is noted in the beneficiary update form and is why Schwab does not take letters of authorization for beneficiaries). If the investigator comes up with no results, then the funds are escheated by the state as unclaimed property. The timing of the state taking the funds can be anywhere between one to five years, with many states being closer to two to three years.

Setting Up DocuSign

The world of technology is always evolving and ever changing. For Schwab, Digital Tools and E-Signature has been implemented for a while now but as we ramp up to a more digital world this will become more of the norm. Using the digital process for everyday tasks (opening new accounts, money transactions and etc.) will be a much easier process.

Not only is it faster for all parties but it is also more secure than that of traditional paperwork. Some forms are not eligible for e-signature but for those forms that are, there are a few steps needed in order to successfully ensure that the process works, and that the client(s) are protected. For all existing clients wishing to use the e-signature option, Schwab requires a Schwab Alliance online account. If the existing client(s) do not have a Schwab Alliance account, they will be forced to create one before they can e-sign any documents that are applicable. These clients will receive an email from Schwab with instructions on how to set up their online account. For all new clients, they will need to provide a cell phone number for security authentication purposes.

IRA Contribution 2020 Deadline

IRA contribution limits for both 2020 & 2021 are $6,000 per year and $7,000 per year for age 50 and older. The deadline for making 2020 contributions is 5/17/2021. If a new IRA account needs to be opened, please allow at least one week prior to the tax deadline for account opening and funding.

Schwab Digital Account Opening

The new digital account open tool offers an entirely redesigned process for opening accounts online. Instead of starting with paper forms and processes, and then digitizing them, this tool has been designed from the ground up to offer a fully digital experience, letting your clients approve account forms. Both options have their pros and cons, and depending on your client, Gemmer will decide which is the best for their scenario. Here are the differences between this new system and DocuSign:

Digital Account Opening
- No applications, new look
- Client(s) will approve vs sign
- Only one account can be opened at a time
- All information needs to obtained beforehand
- Advisor Forms can be added to the envelope
- Receive an account number immediately
- Quicker turnaround than all other options

DocuSign
- Digitalized applications, no change in looks
- Clients will sign via DocuSign
- Multiple applications can be signed at once
- Can request client to fill in required information
- Schwab & Advisor forms need to be sent separately
- Account number will not be provided until the account is opened

Attached are two guides: 2020 Tax Guide and Quick Paperwork Tips.

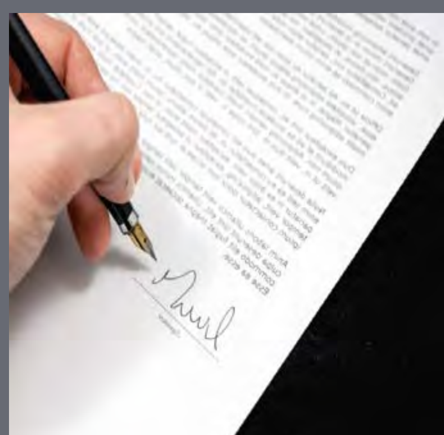
QUICK
PAPERWORK TIPS

OPENING ACCOUNTS FOR A HOUSEHOLD

Please email us all the documents for a client household in **one** email instead of multiple emails. The documents can be converted to a zip file to reduce size. When emails come through at different times, it is not obvious when clients are related to each other. We will assign the docs to one GAM Ops member to process.

ADDING MONEYLINK/ACH

When setting up a new linked bank account to an investment account, please always include a voided bank check for checking accounts and a bank letter or the first page of a bank statement for savings accounts. There are delays when we are told to find a voided check in the client's file. And sometimes the client changes their bank account without informing the advisor so an incorrect bank link is set up.



DISTRIBUTING CHARITY CHECKS FROM AN IRA

When requesting a check to be sent to a charity and electing zero tax withholdings, this action will change the tax withholdings for all future distributions going forward. This would also disrupt any current periodic distributions. Please give us instructions to change the tax withholdings back to what it was on file.

JOURNAL RULES

When journaling cash and/or positions between Schwab accounts where it is considered first party (same account holders and tax ID), a form is not needed for most transactions. A form will always be needed when we are moving positions to a third party account. For example, we are moving positions from JOHN DOE TRUST to JOHN DOE FOUNDATION. The account holders are the same, but tax IDs are not. This is considered third party.

DIGITAL SIGNATURES

We must use the custodian's Docusign software to initiate paperwork to the client to electronically sign. You cannot use your own Docusign software. However, you can use your Docusign software for Gemmer contracts such as: Gemmer Investment Advisory Agreement, Personal Financial Advisor Disclosure Statement, or Portfolio Guidance. Also clients cannot use Adobe to electronically sign custodian paperwork. Copy and paste digital signatures is frowned upon. This practice has been increasing and is not allowed.