GEMMER ASSET MANAGEMENT

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WHAT'S INSIDE

Moneylink SLOA Notifications

Earlier this year Schwab started notifying clients of each moneylink transaction that goes out to a 3rd party designated by Schwab.

Who does this affect: all clients that have one time or monthly moneylink transactions to third parties.

What is Schwab's definition of third party: Per Schwab, if the registrations of both accounts are not exactly the same, this is a 3rd party. For example, an IRA RMD being sent to the client's joint bank account with their husband or wife or a trust account sending money to just one of the trustee's personal bank account.

How will the clients be notified: either a letter to the client's address on record or an email will be sent based on their user preferences.

This is not a new practice. Schwab has been sending these notifications to clients with 3rd party journals and checks for years.

Tips & Tricks

New Account via DocuSign - Signature Card Requirement: It's very important for your client to return the signature card for Schwab's records. They will not process any hand signed requests until they have a signature on file.

Last minute IRA tips: Need an account number STAT? If you provide all the information on the IRA application, most of the time we can provide a pre-assigned account number. Last minute contributions? Your client can deposit a check via mobile deposit. You, or your client, can make a deposit in a branch. Make sure the account number and IRA contribution year is on the check.

Ask your Operation Experts

FEATURED QUESTION

How does margin work? Any different on a trust account than an individual account?

Margin works the **same** in a trust account or an individual account. It is not permitted in retirement accounts. Once an account is approved for margin use, available funds can be can tapped into simply by placing a trade or withdrawing cash by check, debit card or wire transfer.

Interest accrues daily and is posted monthly.

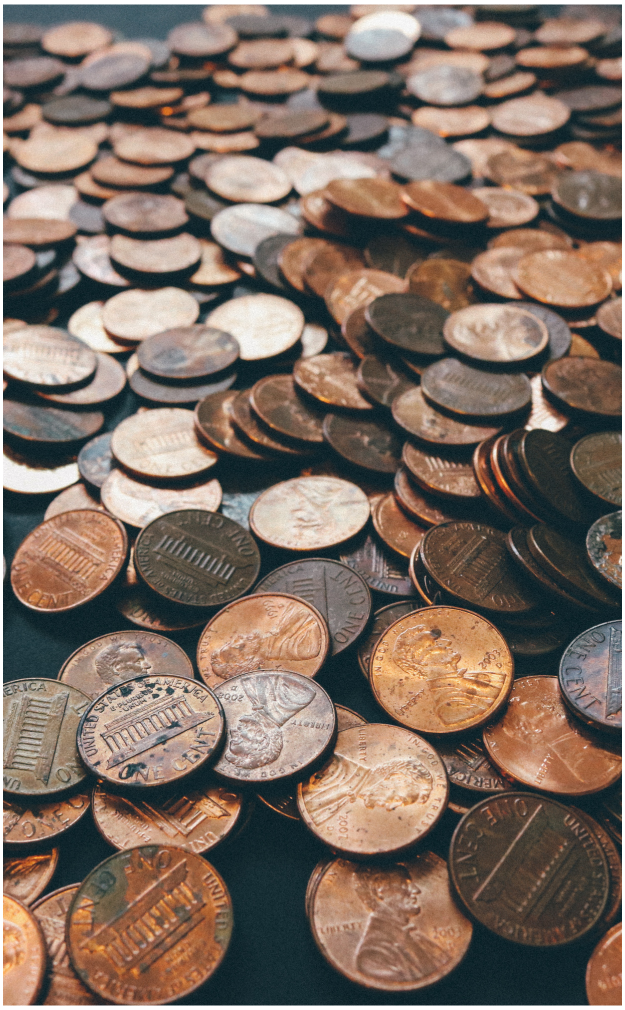
To begin borrowing at Schwab, the account must contain **at least $5K in cash** or marginable securities. If this requirement is met, funds can be borrowed until the account equity reaches 50% (the value of fully paid securities divided by the value of all securities in the account).

When buying additional securities with available cash plus margin, **up to twice** the amount of securities can be purchased as could be using cash alone.

When withdrawing funds, cash available is typically **50% of the value** of fully paid assets in the account.

Example: $100,000 of fully paid marginable securities: Securities buying power is another $100,000. Cash available for withdrawal is $50,000.

The cost for this service is determined by Schwab's current Margin Rates which will fluctuate based on prevailing Fed Funds rates. At this time, **margin rates are between 7-9%** depending upon the amount borrowed. Rates can be negotiable if the client wishes to borrow a significant amount (over $500,000).



Schwab Account Transfer Form

Common Mistakes

Section 3: Only provide a list of assets if you have a partial transfer. Do not list assets for full transfers.

Section 6: If there are individual account numbers associated with the funds you are transferring, use this section. Complete the grid for both full and partial transfers.

THANK YOU FOR READING!

If you have any questions on any of these topics, please contact a member of the Operations Team.