

## Frequently Asked Questions

Below are answers to some of the questions most often asked:

### **What types of accounts does LMC manage?**

There are many types of investment accounts that we are able to manage. The most common accounts we manage are Individual, Joint, and Trust accounts. Beyond these accounts we also manage Charitable Remainder Trusts, Individual IRAs, ROTH IRAs, and in some cases 401K accounts. For the self employed, we manage SEP IRAs, Defined Benefit Plans, KEOGH Plans, and other types of retirement plans.

### **I'm retiring soon, what should I do with my 401k plan?**

Typically ERISA retirement accounts (e.g. 401K plans, PSP, etc.) can be, and should be, transferred into what is known as an IRA Rollover account. It is our recommendation that you should not leave your money in any retirement account held with a previous employer. This is because there are several advantages to transferring your retirement accounts to an IRA Rollover:

- There is a broader array of investments to choose from if the assets are moved to an IRA Rollover account. Most 401K plans are limited to the mutual funds offered by the plan, and though you never explicitly see a fee being charged, one is being deducted from the gross return of the funds you select.
- Most important is the tax treatment of a 401K plan upon the participant's death. If the participant is married and the spouse is named as the beneficiary of

the account, it can be rolled over into an IRA account. However, if the beneficiary is anyone other than the spouse, some companies require that the account be cashed out and distributed. If you have a sizeable 401K this can create a large tax liability for your beneficiaries. By converting to an IRA Rollover account the beneficiaries have the option of spreading the withdrawals over their lifetime. This lowers their immediate tax bill and still allows for tax-deferred growth.

However, there is one advantage to keeping your money in an ERISA account - ERISA accounts are protected from personal lawsuits. If you are in a profession susceptible to litigation it may be appropriate not to move your assets.

If you have any questions or are interested in transferring your retirement accounts into an IRA Rollover, please contact your portfolio manager.

### **How do I add funds to my account?**

It is actually very easy to add funds to your account. Simply make a check out to your custodian (Schwab, Fidelity, TD Waterhouse), and include a note or write in the memo area of your check the account number where the funds should be deposited. You can then use one of the following methods to make the deposit:

- Drop off the check at any of your custodian's local branches. The funds will be immediately deposited into your account.
- Mail the check to your custodian. It will normally take 3-5 business days for the funds to be deposited.



- Mail the check to us and we will make, as well as, track the deposit for you. Funds will be deposited in 5-7 business days.

**With whom do I speak if I would like to know the current asset levels of my account?**

If you would like to know current account asset totals, you may either contact Stacy Beddeson or Linda Rodriguez. If you have a question about a specific holding in your account, please contact your portfolio manager.

**What should I do with litigation paperwork that I receive?**

On occasion you may receive litigation information pertaining to a current or past holding in your Lehrer Management account(s). In the packet of information you receive, you should find a "Proof of Claim" form. Sign and date this form and return it to us, you can keep everything else for your records. We will fill out the appropriate information and submit the required paperwork for you. If you have any questions about your litigation paperwork please contact Linda Rodriguez.

**With whom should I speak if I would like to withdraw funds from my account?**

In order to make a withdrawal from your account, you will need to contact your portfolio manager. They will assist you in making the withdrawal and in selecting how you would like to receive the funds. The easiest way to receive your funds is through electronic transfer. When an electronic transfer is used, funds are deposited directly into the account you specify (e.g. your regular bank account). In most cases, if an electronic transfer request is made before 12:00PM (and you already have electronic transfer setup on your account), you will receive your funds the next day. If you do not have electronic transfer on your account, please contact Stacy Beddeson who will assist you in setting it up. You can also request a check be mailed to you. It will normally take 5 business days for you to receive the funds.

**Do I have to stay with my current custodian?**

No, you do not. We currently use Charles Schwab, Fidelity, and TD Waterhouse to custody assets for our clients. We use these custodians because they offer low commissions while providing a high level of service. However, there are circumstances that may warrant a change of custodian. For example, perhaps you moved and one of the other custodians has a branch that would be more convenient for you to use. Whatever the reason may be, if you are interested in changing to one of our other custodians (which is free to do and will only require a few signatures) please contact your portfolio manager.

**Should I have a living will?**

With the mass amount of media coverage that the case of Terri Schiavo (the severely brain-damaged Florida woman) received, many clients have asked about the importance of having a living will. A living will, also called an advance health-care directive, is a means for people to spell out whether they want life-sustaining medical care should they become terminally ill or brain damaged.

Although living wills cannot cover every "what if" scenario, they are still important since they can communicate your feelings about what kind of life is worth living to your family. However, doctors say the more important decision is creating a health-care-proxy or power-of-attorney document. This allows you to designate a person, such as a spouse or close relative, who can legally act as your agent, making medical decisions for you if you are incapacitated. Therefore, it is important to sit down with the designated person to give them a sense of what you would want done.

Living wills should be drawn up by an attorney, generally when you create your trust. If you already have a trust in place you may wish to consult your estate attorney.

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