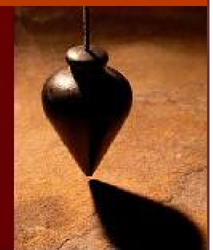
September 2009 Volume 3 Issue 1

PLUMB NEWS



A PERIODIC FINANCIAL UPDATE FROM PLUMB TRUST COMPANY AND ITS AFFILIATES

In This Issue

Fiduciary Standards

IRA Relief in 2009

IRAs: Rolling your 401k to an IRA

Calendar

September 15
3rd Quarter Estimated Tax Payments Due

October 21
Client Forum
Eau Claire

October 28 & 29
Client Forums
Madison

Details

Reservations

Quick Links

Plumb Trust Company
Wisconsin Capital
Company News

In our effort to reach our constituents in a variety of ways convenient to you, we are moving our newsletter online. This change will not only make our newsletter more accessible to many of you, it will help us all by making our process more "green" by eliminating the paper versions. We hope you continue to enjoy our newsletter and we welcome your thoughts and comments regarding our format, delivery, and content.

Fiduciary Standards

As many of you know, Plumb Trust Company and Wisconsin Capital Management have long been covered by a standard different from those which apply to brokers. As a state-chartered trust company and a registered investment advisory firm, we chose to become fiduciaries. To this point, brokers have followed a "suitability standard". The Wall Street Journal and Bloomberg News reported that President Obama's financial overhaul plan included the revolutionary proposal that would require "brokers recommending investments to put client's interests ahead of their firms." The proposed new standard for brokers is a fiduciary standard.

With such an arcane distinction, no wonder it has been difficult for investors to distinguish between someone acting in their best interests from someone pitching a product. The Journal speculates that requiring brokers to operate under a fiduciary standard might result in disclosure of conflicts (such as higher payments for favoring certain investments) and in a requirement to review tax implications of their advice. Complicating this issue in the past, some brokers dually registered as brokers and investment advisors. This allowed them to operate under the suitability standard when selling a product and the fiduciary standard when giving advice. Often it was up to clients to distinguish when their brokers were wearing which hat.

Many years ago, I was visiting a trading desk of a well known (and still surviving) brokerage firm. Over a squawk box came a message telling the brokers to get on the phone because they had bought a stock from a client which they did not want to keep. The brokers were told to pitch it before the trading day was over and how much their commissions would be. I watched as brokers picked up their phones and called investors with a story about a stock they should buy.

Contact Us

Plumb Trust Company
1200 John Q Hammons,
2nd Floor
Madison, WI 53717
Phone: 608-824-8600
Toll free: 866-885-8601
Fax: 608-824-2120

Wisconsin Capital Management, LLC
1200 John Q Hammons,
2nd Floor
Madison, WI 53717
Phone: 608-824-8800
Toll free: 888-856-8801
Fax: 608-824-2101

Portfolio Management provided by

Celebrating
25 years

Wisconsin Capital

Join Our Mailing List!

Compared to the conflicts of interest that developed over the next three decades, this was a mild example, but it left a lasting impression on me. It will be a welcome change for trust companies and registered investment advisors to be competing with an industry that will now follow our higher standards.

Many brokers are very reputable and never have even been tempted to place their interests ahead of their clients. You would think that these ethical brokers would be delighted to have the entire industry follow their care and due diligence. However, the Washington-based lobbyist firm for the brokerage industry, The Securities Industry and Financial Markets Association, has taken the position that no changes are necessary, according to a spokesman.

In this difficult investment environment, investment advice needs to reflect your individual needs and goals. Fiduciaries try to put themselves in your place and do what is right for you. For over thirty years, I have hired and retained associates that understand this and live by this rule.

IRA Relief for 2009

Fall is rapidly approaching and, as we progress toward year-end, we would like to remind you of the 2009 retirement account rules.

No minimum distribution is required for calendar year 2009 from individual retirement plans and employer-provided defined contribution retirement plans. The next required minimum distribution may be for calendar year 2010. The relief applies not only to IRA owners and plan participants but also to beneficiaries of inherited IRAs.

Note that, if you turned 70½ during 2008 and did not take your first distribution in 2008, you should have taken it by April 1 of this year. You are not however required to take the distribution which you would, under the usual rules, have had to take by December 31, 2009.

The rules differ slightly for those of you who turn 70½ in 2009. You will not be required to take the 2009 distribution (which you normally could have delayed until April 1, 2010). However, you will still have to take your 2010 distribution by December 31, 2010.

If your IRAs are held here at Plumb Trust Company, we have been and will continue to monitor your distributions to make certain that your withdrawals are in compliance with the IRS requirements.

Although you will not be required to take a distribution from your IRA in 2009, you are again allowed to give up to $100,000 to qualified charities directly from your IRA in 2009 if you are over 70½. If your IRA is with Plumb Trust Company, we can facilitate these contributions and ensure that all appropriate tax forms are generated.

IRAs: Rolling your 401k to an IRA

With the recent economic upheaval, many people have changed employment recently. One consequence of an employment move is the opportunity to roll 401k assets into an IRA.

Rolling to an IRA can provide more investment options than those available on the "menu" with your employer-sponsored plan. It can also allow for more flexibility in naming beneficiaries. If you choose to move your assets to an IRA with Plumb Trust Company, you will see those advantages along with an opportunity to have a closer relationship with the professionals managing your assets.

Contact Plumb Trust to establish a rollover IRA.

With every plan, the foundation must be plumb, square, and level. The strength of the foundation, and thus its outcome, hinges on whether we have a plumb line and whether we adhere to it as we build.

Plumb Trust Company

Building Relationships on *Trust*