

THERE IS NO SUCH THING AS INCIDENTAL FINANCIAL ADVICE

BY DAN DANFORD

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Last April 6, the Securities and Exchange Commission voted to adopt the "Merrill Lynch rule," clearing the way for broker-dealer representatives to offer fee-based accounts without having to register as investment advisors. Broker-dealer representatives are advisors who accept commissions and must therefore sell a product to receive compensation.

This odd rule is certainly something all consumers should understand.

It allows traditional, commission-compensated brokers at firms such as Merrill Lynch and Smith Barney to escape consumer protections offered under the Registered Investment Advisor Act so long as their advice is "solely incidental" to traditional brokerage services.

The obvious question is, why would anyone hire a financial consultant for "incidental advice?" Ask people why they do business with these firms and they will usually tell you it's because they feel comfort-

able that they'll get good advice with a brand name company. The fact is, people do business with people, not institutions. It's the people they trust.

Truthfully, there is no such thing as incidental financial advice - just as there is no such thing as incidental surgery or incidental transmission repair. Incidental financial advice is incomplete financial advice and does more harm than good. Either financial planning is being done properly, by a fiduciary acting in the sole interests of the client, or it's just being used as a come-on to sell investment products.

It is disappointing that the SEC refused to embrace very clear logic. From its ruling, certain chosen types of financial professionals are not going to be held to a fiduciary standard. It is also clear that the SEC feels that much of the advice that is given by these brokers is solely incidental to their more primary function of making securities transactions. If this is true, why do

the brokerage firms advertise themselves as financial advisors, financial consultants, wealth advisors and a host of other confusing titles?

Here's a case in point: Newspapers typically carry sizable brokerage advertisements, many of which are titled "Comprehensive Wealth Management" and include a menu of services including financial planning and trust and estate planning from a financial consultant.

As an independent financial advisor and SEC registered investment advisory firm, I loudly say, "Nonsense." A salesperson whose first responsibility is to represent the best interests of the parent company should not be called a financial advisor.

Continued Page 2...



Dan Danford, President
Family Investment Center

Underlying the whole scheme of civilization is the confidence men have in each other -

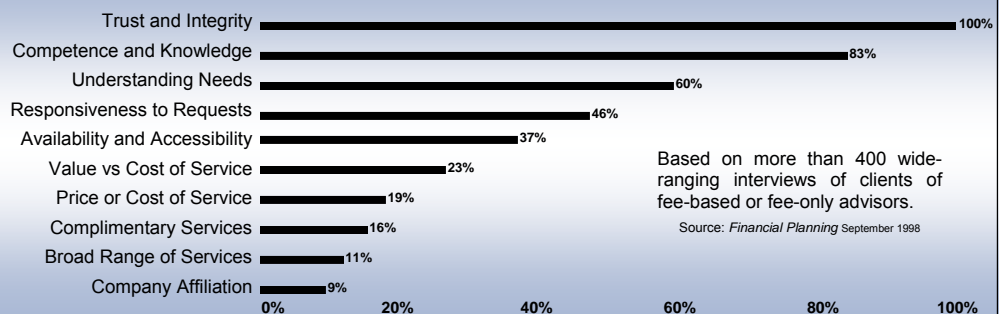
*Confidence in their integrity.
Confidence in their honesty.
Confidence in their future.*

Bourke Cochran



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CLIENTS RATE THE MOST IMPORTANT ATTRIBUTES IN RETAINING THEIR PERSONAL FINANCIAL ADVISOR



Based on more than 400 wide-ranging interviews of clients of fee-based or fee-only advisors.

Source: *Financial Planning* September 1998

"We believe that, at an absolute minimum, a consumer warning label is warranted given the confusion in the marketplace over who is a broker agent and who is a fiduciary investment advisor."

FPA to the SEC

No Incidental Financial Advice continued...

The good news is that independent firms like mine and **GTrust**, which are properly registered with the SEC or state as registered investment advisors, are speaking out to let consumers know that financial advisors are not all held to the same standards.

The Financial Planning Association, the largest organization of professionals who are dedicated to financial planning, stated in a written response to the SEC decision: "We believe that, at an absolute minimum, a consumer warning label is warranted given the confusion in the marketplace over who is a broker agent and who is a fiduciary investment advisor."

A line in the sand has been drawn, and two distinct classes of financial professionals now exist - those that accept fiduciary responsibility in serving their clients and those that hide behind an exemption.

Dan Danford began his investment career as a bank trust officer and has been advising clients on how to preserve and manage wealth for over 20 years. He was one of the founders of what is now the Gold Trust Company and went on to form his own fee-only investment advisory firm, Family Investment Center. GTrust appreciates Dan's permission to print this article which originally appeared in the Kansas City Star.

GTRUST IMPLEMENTS TECHNOLOGICAL UPGRADES

In exercising a corporate commitment to excellence, **GTrust** has recently invested in an extensive technology upgrade to further enhance client services and reinforce security measures. It is a major technological investment on behalf of the company, but well worth the time and dollars, according to company President, Daryl Craft. "In an environment where identity theft is a primary concern for our clients, we sought a customized system featuring the strongest security platforms available."

Daryl's observation is on target. A recently released Spectrem Group report entitled "Privacy Concerns of the Affluent Investor" reveals that identity theft is a top concern of households with more than \$500,000 investable assets. In fact, more than half (52%) of affluent investors ranked investor privacy as a greater financial threat than other concerns such as terrorism, a failing social security system and poor investment returns.¹ "Our new system utilizes layers of security - expanded encryption, dedicated lines and reinforced firewalls, for example - that reflect the most current technology available."

Of course, enhanced customer service was a desired outcome, as well. Each client's account involves multiple processes to keep information current. The new system allows those processes to be completed in a faster, more efficient manner. That translates to better service and increased satisfaction when our clients want information about their account or need to implement changes.

GTrust has always observed cutting-edge policy in regard to technology. The most current upgrade is proof of their unflinching dedication toward that self-defined objective.

GTrust seeks to exceed expectations and to build enduring relationships with our clients. We measure success by the quality of service we provide and the satisfaction of our clients. Individuals, businesses and organizations have looked to us for sound financial advice and solid results through turbulent market cycles. Our record of growth and customer loyalty is a strong testament to our capabilities, and to the faith our clients have placed in us to manage their assets wisely.

GTrust is a substantial company, regulated by the Office of the Kansas Bank Commissioner. We understand that our most important job is to competently protect and steward the financial resources of our clients.

¹ Source: *The Advisor Insider*, November 2005



GTrust staff received extensive training on the new client services system.

"Our new network utilizes layers of security - expanded encryption, dedicated lines and reinforced firewalls, - that reflect the most current technology available."

Daryl Craft, President

FINANCIAL RECORDS - WHAT TO KEEP AND WHAT TO TOSS

BY STEVE PAGE

Although this information has been provided before, it's a question that comes up time and again when we are faced with the dilemma of retaining financial records. Do I keep this or throw it away? If I need to keep it, how long should that be? Since financial records are important and because the rules change regarding their safekeeping, I want to provide the most current information available to help to you maintain your personal financial records.

THROW AWAY - You can safely toss most receipts immediately, but some you need to keep for a short time and others indefinitely. Bank deposit slips should be kept until the deposit appears on the bank statement. If you use an ATM, those receipts should be retained until you record the transaction in your check register.

All receipts containing your account numbers, including credit and debit account numbers should be destroyed before disposing of them. You can also tear up and discard monthly credit card statements after you've checked them for accuracy and paid them. The one caveat is to retain utility bills to show prospective buyers average utility costs if you plan to sell your home in the near future.

Remember that old fan you bought 10 years ago? It's probably time to throw away the warranty that came with it. Generally, dispose of a warranty at the date of expiration, but anytime you dispose of an appliance, you can throw away the warranty, as well.

KEEP - Hang on to receipts for any expenses that are deductible on your income tax returns. Put them in a file for preparing the next year's tax return. Of course, any receipts that can be submitted for reimbursement should be retained, i.e., health insurance or employer-related items. Receipts from the purchase of appliances should be stapled to the Appliance Manual and stored in a file for the life of the appliance.

KEEP FOR ONE YEAR - Unless each new statement shows the year-to-date activity for an account, you should retain the monthly statements. Once you receive the cumulative statement at year end, you may discard the monthly statements after you've reconciled them. The same holds true for investment, trust and retirement plan statements received through-out the year. Keep all pay stubs until you've reconciled them with your W-2 forms and retirement plan statement. The same applies to Medicare or other retirement pay stubs.

KEEP FOR 5 YEARS - Medical insurance premium statements, doctor bills, copies of prescriptions, hospital bills, etc., should be retained for 5 years from the date of service. Home insurance policies and other documents should be kept for a minimum of 5 years, but longer if you think you may have issues in the future.

KEEP FOR 7 YEARS - Federal and state income tax returns along with related receipts and statements should be retained for a minimum of 3 years. Three years is the IRS Period of Limitations. However, there are situations where it is advisable to retain tax returns and related records for a longer period of time:

Continued Page 4...

STEVE PAGE ELECTED PRESIDENT OF THE TOPEKA ESTATE PLANNING COUNCIL



Steve Page

Stephen Page, Executive Vice President of **GTrust**, has been elected President of the Topeka Estate Planning Council for 2006. It is the second time in his 25-year history with the organization that he has served in this capacity. The Estate Planning Council is composed of Certified Public Accountants, Attorneys, Trust Officers, Certified Life Underwriters, Chartered Financial Consultants and Certified Financial Planners who work together to promote on-going professional education in the areas of estate and trust planning and achieve mutual understanding about best practices utilized to address the most challenging aspects of the their respective professions. The Council further provides a platform to cultivate friendship and cooperation among the various professionals to enhance service to clients and the community. In

fulfilling its mission to support professional excellence, the Council meets at least quarterly and frequently offers accredited continuing education courses to its membership.



*An average family will
generate over 1,000
financial receipts and
statements each year !*

*"It's my honor and
privilege to once again
serve as President for
the Topeka Estate
Planning Council. It's
an organization that
focuses on professional
excellence and of
course, the men and
women of the member-
ship are just terrific."*

Steve Page

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*The greatest compliment you
can offer
is to refer GTrust
to friends and family.*



GTrust is a full service trust company serving the Topeka, Overland Park, Wichita and Larned areas of Kansas, as well as clients in over twenty-five states.
Specialized services include: Investment Management ~ Administration of Living Trusts ~
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Financial Records - Keep or Toss continued...

- If there is a possibility you may have under-reported income by as much as 25% or more, retain your tax records for 7 years.
- Where there is substantial activity from a closely held business, then retain all pertinent records for 7 years.
- The tax return and supporting documentation concerning a claim for deducting a worthless security (securities) should be kept for 7 years.
- Good Rule: Keep returns and records for 7 years.

KEEP FOR THE LIFE OF THE ASSET - Be sure to keep records of the cost of an asset that can be sold or transferred in the future the entire time you hold the asset. This includes purchases of marketable securities. Also retain the settlement statement and related documents for the purchase of real estate until the real estate is sold or transferred.

Finally - as a matter of interest -you don't need to worry about lost tax returns. You can request a copy of a tax return and all attachments from the IRS by (what else?) filing a form.

OOPS! WE WERE BUMPED!



The article featuring the **GTrust** Financial Planning team of Richard Salmen and Samantha Kopek was bumped by Time, Inc., to the May 4, 2006, edition of *All You*. You may recall we promoted the article in the January edition of *Generations* based on information provided by the article's author. When a quick run to Wal-Mart did not produce the expected article, a call to *All You* cleared up the confusion quickly, "Oops... You've been moved to a later issue." These things happen when you are at the mercy of a publishing giant. Hopefully, it did not cause any inconvenience for our clients. Many thanks to Richard Salmen and Samantha Kopek for participating in the *All You* project. The May 4 edition of *All You* should be available mid-April at your local Wal-Mart. We hope you'll buy a copy and share it with family, friends and associates who may benefit from the financial planning services offered by **GTrust**.

The professional advisors at GTrust are credentialed experts in financial planning.