



**To:** CAMELS SDIRA Resource Center Implementation Check List

**From:** E. Schmidt/CAMELS

**Date:**

**Subject:** Detailing Implementation Processes Self-Directed IRA (“SDIRA”)

**Forms Provider:**

* Selection of Forms Provider (Identify Industry Vendors)
  + Vendors selection may include Wolters Kluwer, Deposit Pro, Acensus, Inc., or bank’s core provider
  + Review of forms for possible additional language specific to common shares of BHC/Bank only being considered for the Self Directed IRA program.
  + Review of forms ensuring that proper disclosure is offered from a non liquid security perspective and that (subject bank) is not acting as an Investment Advisor but merely an order taker.
  + Determination of the different types of IRA driven accounts that (subject bank) will support in a SDIRA environment (Regular IRA, 401k, SEP, Roth, etc.).

**Setting up Transactional (savings) Account:**

* Establishment of a CASH account within bank for the purpose of acquiring cash for possible purchases under a Self-Directed IRA program.
  + Agreement to utilize a savings account configuration due to the transactional nature of a SDIRA
  + Evaluate current DP systems for setting up account
  + Operational task to create a block of sequentially numbered accounts to be identified specifically for the Self Directed IRA program.

**Shareholder Record Keeping:**

* **Two firms are recommended for the Shareholder Accounting function. These firms are offered to those banks that utilize a manual ledger system, excel spread sheets, or other system determined to be unable to handle necessary record keeping.**
  + **Figtree Consulting/StockTrack Shareholder Accounting Systems; (**[**www.stocktracksoftware.com**](http://www.stocktracksoftware.com)**); Tel: 973-539-9311; 101 Gibraltar Drive, Morris Plains, NJ 07950**
  + **Cambridge Technologies, Inc./Shareholder Accounting systems; (**[**www.cambridge-tech.com**](http://www.cambridge-tech.com)**); Tel: 618-594-3274; 951 Fairfax Street, Carlyle, IL 62231**
* Key staff (marketing, operations, compliance) to contact either Cambridge Technologies or Stock Track to gain additional perspective on identifying shareholder recording keeping processes for a SDIRA program.

**Initial Operational/Compliance Initiatives:**

* Documentation of procedures for opening a SDIRA (stepped process verifying forms completed)
* Preparation of form detailing that dividends (cash/stock) on common shares within a self-directed IRA remain in the IRA environment.
* Documentation of procedures for the Trading Desk to coordinate with operations in purchasing common shares for Self-Directed IRA. Please note shares will be purchased from the ‘street’ therefore two events may occur: either no shares are available at a given time or limited shares are available to satisfy multiple purchase orders from operations. Purchase criteria needs to be established. Rolling purchases, pro-rata, all in.
* Acknowledgement that stock falling under distributions or early withdrawals are provided directly to account holder of which account holder (if electing to sell those common shares) would present common shares directly to (subject bank) Trading Desk for sale.
* Guidelines that at minimum Account Holder would receive an annualized statement.
* Instructions to (subject bank) personnel setting up accounts that no comments specific to acting as an advisor is permitted. Staff cannot make comments as to the suitability of the investment.
* Development of form that instructs Operations to make purchases of (BHC) stock.
* Decision to provide ‘ledger only holding’ with ability to provide for either annual, quarterly or on demand statements.
* **Determine Retention Method of purchased common stock for the SDIRA:**
  + Bank can set up a ‘safe-keeping’ for retention of SDIRA shares purchased. Requires the setting up of internal controls and lock box (safe deposit box) environment. (THIS PROCESS IS CONSIDERED OVERLY CUMBERSOME AND NOT RECOMMENDED)
  + **RECOMMENDED PROCESS.** Your shareholder accounting system should provide the ability to prepare Ledger Statement of holdings thereby not requiring actual printing out of stock certificates for placement in safe-keeping. Shareholder accounting system and record keeping provides this function capability of being able to document stock ownership through the printing of a Ledger Statement for the individual shareholder. ( [see](http://www.stocktracksoftware.com) Shareholder Record Keeping bullet point )

**Marketing Program (Overview of Needs):**

* Assessment of existing IRA account (internal) focus on accounts generally above $10,000.
  + Excluding those accounts of individuals at or close to distribution age
  + Investment diversification
  + Determination of level of communication … letter from CEO of Bank (see marketing)
  + Direct introduction to known candidates (Directors, Customers, Existing shareholders)
* Development of marketing material
  + Possible brochure (see marketing)
  + Branch promotion after period of testing process
  + External communication
  + Continuous communication to Shareholders and Depositors of ability to match long term investment dollars to long term hold of retirement funds
* Trade Desk (Investor Relations Responsibilities)
  + Procedures for bank operations to inform IR of level (number of shares) of potential order request during a stated quarter
  + Procedure for Trading Desk to receive orders, make purchases, identify ownership for placement into determined Shareholder Accounting System (form defining how stock is held in addition to being an IRA)
  + IR to be informed by operations to prepare statements
  + IR to send out statements of Self-directed ownership (letter to be prepared)

**Outstanding Decision Points:**

* Quarterly window for purchasing stock or continuous
* Minimum level of stock purchases (10 shares, 25, 100, etc.) at anytime
* Handling of fill orders (need process FIFO, partial dependent on availability)
* Defining marketing steps (internal/external)
* Fee structure, if any (banks typically do not charge for those purchasing their stock)
* Acknowledgment form that dividends tied to a Self-directed IRA are automatically deposited
* Brochure or at minimum explanation sheet on (BHC) stock
* Brochure or at minimum ‘Investor Fact Sheet’ on bank/stock performance (BHC/Bank) stock
* Determine Certificate or Book Entry System as investment recorded vehicle
* Selection of shareholder accounting system
* Establishment of ‘cash’ savings account for dividends, transfers, contributions
* Timing of stock purchases (quarterly?)
* SDIRA stock purchase authorization (quarterly, continuous, on request)
* Incorporate process for establishing fair market value of stock (FMV) CAMELS Stock Valuation Program
* Buy/Sell guidance processes for transfer desk (trading)
* Selection of forms provider

**Other to be Determined:**

* **Questions … contact another site user or call CAMELS 614-746-4634**