WORKING WITH THE ACCOUNT TRANSFER WIZARD

There may be times when you need to move positions from one portfolio to another portfolio, merge assets from two or more portfolios into one, or split assets in one portfolio to two or more portfolios. Retaining trade lot and cost basis history is crucial for accurate performance and tax estimation reporting, and custodian downloads sometimes do not contain some of the information you may need. Manual data entry to handle the kind of transactions you need can be cumbersome and lead to data errors. The Account Transfer Wizard, found in the Transact Writer, eases manual data entry by creating a list of transactions to move positions between accounts while retaining the key trade lot and cost basis data you need.

First, this document will explain how the Account Transfer wizard is designed to work so you have a fundamental understanding of the kind of data you need for the wizard as well as the transactions you can expect. Then, this document shows you examples of common uses for the Account Transfer wizard, including:

- Transferring All Assets From One Account to A Different Account – Clients occasionally have to move assets from one account to another – because of a transfer of asset (TOA) from one custodian to another, a change in Separately Managed Account (SMA) managers, or a change in account type. See this section starting on page 3 for more information and an example.

- Closing an Account – When accounts close, you sometimes do not get all the transactions you need to completely remove the assets from the portfolio. See this section starting on page 4 for more information and an example.

- Merging Two or More Accounts into One – Clients may want or need to combine assets from two similar accounts into one account. Use the Account Transfer wizard to close the two individual accounts and move the assets into the single or joint account. See this section starting on page 4 for more information and an example.

- Dividing Assets from One Account to Two or More Accounts – when a client needs to divide assets in one account among two or more accounts, use the Account Transfer Wizard to create the transactions, and then select the transactions you want to post in each account. See this section starting on page 5 for more information and an example.

> **Important**
>
> The custodian should be used as the source of record for client's tax reporting. Even if cost basis is reconciled in PortfolioCenter®, unrealized and realized gain/loss figures from the database should only be used as estimates. All reports displaying cost basis information should contain a disclaimer directing the client to the custodian's 1099 for tax reporting.

HOW IT WORKS

The Account Transfer Wizard is designed to produce transfer of security transactions removing assets from one account and creating receipt of security transactions in a new account. The benefit of using the Account Transfer Wizard is you get a receipt of security transaction for each open trade lot in the original account. Each receipt of security transaction has the cost basis and original trade date information for that trade lot.
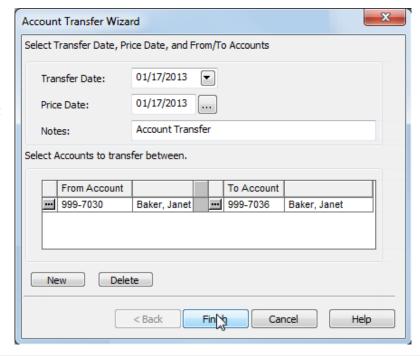
> ☑ **Note**
>
> In most cases, the best practice for using the Account Transfer Wizard is to create or use a group of the original account and the new account for historical performance reporting. When account transfers take place between group members and contributions and withdrawals are included separately (rather than net flows) on performance reports, both numbers can appear inflated, but net to zero on group performance reports. Use the Omit intra-group flows setting to remove these transactions from affecting performance detail calculations reports. See Omit Intra-Group Transfers from Flows for Group Performance for more information.

The account transfer wizard is located on the Transaction Writer tab. As with all transaction wizards, you must first create a transaction list and select the Account Transfer Wizard. For more information about creating and using transaction lists, see Using the Transaction Writer.

The Account Transfer Wizard has only one page and very simple settings:

- Transfer Date – the date the transactions will use as the trade date

- Price Date – for calculation of market value on the transactions

- From Account – the account transferring from and will have the Transfer of Security transactions

- To Account – the account transferring to and will have the Receipt transactions.

You can add up to 10 rows of transfers at once. If you need more than 10, you can run the wizard as many times as you need it.

> ⊘ **Important**
>
> In the transaction files, look for the receipts of security and deposits in the new portfolio establishing the positions. It is best to block those transactions and use the Account Transfer Wizard. The transactions you created with the Account Transfer Wizard contain trade lot and cost basis data not available in your custodial download. If you post transactions in both places, you will have duplicated positions in the new portfolio.

PRACTICAL APPLICATIONS OF THE ACCOUNT TRANSFER WIZARD

The Account Transfer Wizard is flexible enough to accommodate a number of different scenarios you may encounter when transferring assets. Below is a list of common situations you can experience and tips about using the wizard for each scenario.

TRANSFERRING ALL ASSETS FROM ONE ACCOUNT TO A DIFFERENT ACCOUNT

In this situation, you are most likely closing out of one account and moving all the assets to a different account. The indicator for this type of scenario is generally that the account gets a new account number. The best practice is to close the original account and then use the Account Transfer Wizard to move the assets to the new account. This scenario most commonly arises when:
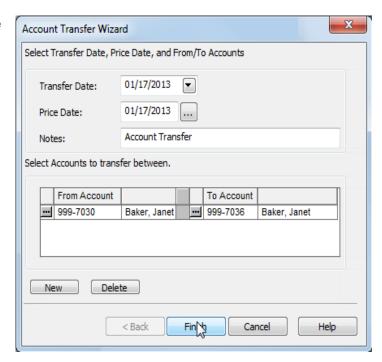
- Transferring assets from one custodian to another (TOA) – either because the client moved their assets or had to because of their agreement with you.

- A Separately Managed Account Manager Changes – in a lot of cases, the account numbers can change as well as other properties in the account details, even if the assets do not change.

- An Account type change – similar to the other two scenarios, the account number is likely to change. An example is when a client transfers assets from a brokerage to a Trust.

Use the following settings, similar to the image to the right:

- Select the **Transfer Date** and closest **Price Date** in the appropriate fields.

- Use the **Notes** field to track key information such as the reason for change

- In the **From Account** field, select the account number of the original account.

- In the **To Account** field, select the new account number.

The resulting transactions are

- Transfer of Security transactions moving positions out of the original account and a withdrawal from cash.

- Receipt of Security transactions for each open trade lot from the original account and a deposit to cash for the total amount of cash in the original account.

Because the transfer is simple enough that all assets from the original account are going to the new account, you can batch post the entire list to complete the transfer and then follow the Best Practices for Closing Accounts in PortfolioCenter.
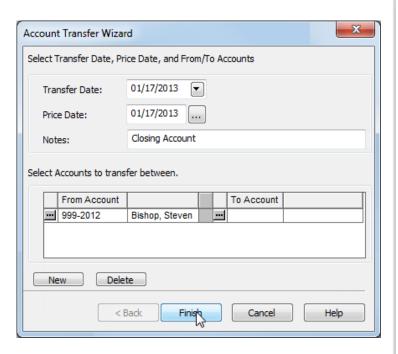
CLOSING AN ACCOUNT

Most custodians do not send closing transactions for closed accounts. Leaving the account positions open can cause some confusion, especially if the closed account is a part of a group or set. The best way to remove the positions is to run the Account Transfer Wizard to remove the positions from the account.

- Select a **Transfer Date** and closest **Price Date** in closest to the close date.
- Use the **Notes** field to track key information such as the reason for the closure.
- In the **From Account** field, select the account number of the closed account.
- Leave the **To Account** field blank.

The resulting transactions are:

- a withdrawal from cash and transfer securities for positions.

To ensure the account shows as closed, follow the Best Practices for Closing Accounts in PortfolioCenter.

MERGING TWO OR MORE ACCOUNTS INTO ONE

In this situation, you are combining two or more accounts into a single account.

- Select a **Transfer Date** and closest **Price Date** in closest to the merge date.
- Use the **Notes** field to track key information such as the reason for the merge.
- In the **From Account** field, select the account number of the first account to merge; click the New button and select the next account to merge. You can merge up to 10 accounts at a time.
- In the **To Account** field, select the account number for the resulting merged account.
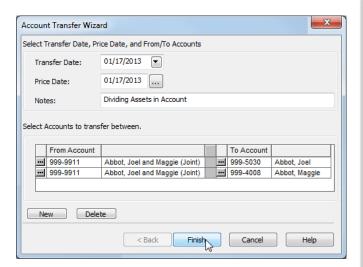
The resulting transactions are:

- For each account listed in the From Account column, you should have transfers of securities for each position and a withdrawal of cash.
- For the account listed in the To Account column, you should have Receipt of Security transactions for each open trade lot from each original account and a deposit to cash for the total amount of cash in each original account.

If all assets from the original accounts are transferred, you may need to close the original accounts. To ensure the account shows as closed, follow Best Practices for Closing Accounts in PortfolioCenter. However, if only some of the assets are being merged, block transfer of security transactions from the original accounts that you do NOT want to move, and then block the receipts of security transaction into the merged account for those same assets.

DIVIDING ASSETS FROM ONE ACCOUNT TO TWO OR MORE ACCOUNTS

When assets are split from a joint account after a divorce, use the Account Transfer Wizard to transfer assets out of the joint account into separate accounts, as necessary. Run the Account Transfer Wizard using the following settings:

- Select the **Transfer Date** and **Price Date** appropriate for the transfer of assets from the joint account to the individual accounts.

- In the **Notes** field, enter any notes relevant to the transfer of assets from the joint account to the individual accounts.

- Select the joint account in the **From Account** field and the first separated account in the **To Account** field.

- Create another line with the joint account in the **From Account** field again and the other separated account in the second **To Account** field.

The Account Transfer Wizard creates two sets of receipts for the individual accounts. Selectively post the trade lots based on how the positions are being split – block the duplicated transactions, as necessary.

Best Practices

- It is best in this situation to post the transactions individually, rather than to batch post all transactions because one position will be posted to both individual accounts.

- If you need to split a single position into more than one account, manually calculate the number of shares and amount of cost basis, and then edit each receipt for each account.