

FAWCO TAX & BANKING HANDOUTS

Serving Americans & the Overseas Community

Questions to ask Banks when looking for new banking relationships

Things To Ask Banks Include:

If they have any restrictions on the kinds of accounts they provide for US citizens/ and or taxpayers?, If there are any differences if the clients are living locally, or if once they go back to the States, in how these accounts are handled?;

Do they ask for a W-9 form (they should), or anything else to open the account ?

Do they provide stock portfolio management and /or custody services for self directed accounts, & what they charge for this?;

Do they give an option for discretionary management (where they make the buy/sell decisions for you) & what they charge for this? is this fee ' all in' (including all fees) The costs for fixed income only portfolios should be significantly cheaper, than for balanced or Equity /stock only portfolios)

If you are talking about turning over a discretionary mandate to them you should ask how they think about investing to be sure their philosophy & risk tolerance matches yours. You should also ask them about their over/under performance against benchmarks over 1, 3 & 5 years.

Ask to see an example of the monthly and quarterly reporting they can give you. Things to look for: Do they give a clear overview (as pie charts or percentage & amounts) of where you assets are allocated across asset classes, sector analyses, geographical regions, currency exposures. Do they show projected annual income, realized & unrealized capital gains, all buys & sells & total percentage gain/loss of value of the account since beginning of year vs since inception.

Whether they have online viewing, & possibly, if you want this, trading access for the customer? How secure this internet access is?

Depository insurance: Up to what limit do they guarantee your deposits (cash only, or also the securities) & do they pool your assets with those of others, or are they held in a separate custodianship (these kinds of issues got a lot of Lehmann clients in trouble)? A related question has to do with if their terms of agreement allow them to 'borrow' your holdings temporarily for their own short sales.

VERY IMPORTANT: Are they able to provide differentiated annual long & short term capital gain & dividend reporting, and when this paper work becomes available? (since many non US banks don't have to do tax reporting within the first quarter of the following calendar year, it can be hard to get the info one needs in time to file in the US; & in some country cases, their systems aren't geared to reporting in as much detail- cost basis, date of purchase, etc)

Sometimes you will find that the banks charge extra fees for the US tax report generation! This isn't necessarily a bad thing, since it is extra work for them, but one should know what one is getting into upfront... **This is only the beginning of what one can ask & should always be tailored to your personal financial situation !!! The FAWCO Tax & Banking Committee wishes you, GOOD LUCK!**