



# Quarterly Update October 2007

Brattleboro ♦ Burlington ♦ Rutland ♦ Manchester ♦ St. Albans ♦ Stowe

On September 16<sup>th</sup>, we celebrated our eighth anniversary. It's hard to believe that so much time has passed so quickly. As some may recall, we started with 8 employees and three offices. Today, with the addition of our new Manchester facility, we have six offices, a staff of 22, and manage approximately \$615 million in assets. We also co-founded the New Hampshire Trust Company and share resources with its three employee-owners. We are profoundly grateful to our clients for their support.

## TCV Welcomes New Colleagues

We are pleased to announce the addition of three well-respected, experienced trust professionals to the Trust Company. **Bonnie McLellan, Sharry Rutken and Deborah Brown** will be providing trust administration and investment management services. The trio is well-known and respected in the State, and we are delighted to welcome them as colleagues.

**Bonnie** is serving clients out of the Rutland office as a Portfolio Manager. Prior to joining TCV, Bonnie was Vice President and Senior Portfolio Manager with TD Banknorth. Bonnie's career as a portfolio manager spans 19 years serving individuals and non-profits.

**Sharry** is serving clients out of our new Manchester Center Office, specializing in trust administration and estate planning. Prior to joining TCV, Sharry was Vice President and Senior Wealth Advisor with TD Banknorth Wealth Management Group, managing the southwest region of Vermont. Prior to her time with TD Banknorth, Sharry spent 23 years with Factory Point National Bank, in the areas of personal banking, branch administration, marketing and trust and investment sales and services.

**Deborah** is also serving clients out of our Manchester Center Office and has approximately 18 years of experience in the financial services industry. She was with TD Banknorth Wealth Management Group for 8 years, providing full administrative and client support for two Senior Wealth Advisors. Prior to joining TD Banknorth, she was a Trust Associate and Trust Operations Supervisor with Factory Point National Bank where she was responsible for IRA accounts, as well as being involved in all aspects of Trust Operations.

## New Office in Manchester



As of October 1st, we've opened our sixth office, in Manchester Center. Sharry Rutken and Deborah Brown are providing estate planning, investment management and trust services.

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## New Home for Rutland

Steve Singiser, Jeanne Gilbert and Bonnie McLellan are welcoming clients in our new Rutland location in the Service Building, at 128 Merchants Row, Suite 203. Please note that phone, fax and email contacts remain unchanged.



# This Year Only.....

## IRA's Can Be Used for Charitable Gifts

Chris Chapman, Certified  
Trust & Financial Advisor



Last year, Congress passed a significant but temporary law allowing people over age 70½ to use their traditional IRA's to make charitable gifts. That rule created a very large tax-efficient opportunity, but it will disappear at the end of this year.

A person age 70½ or older can have his or her IRA provider make a direct distribution to any number of charitable organizations. Those transactions will not be taxable if they do not exceed \$100,000 in total.

A look at the subtler qualities of the new law uncovers some significant benefits:

- Charitable contributions made from an IRA can substitute for required minimum distributions, which must otherwise be taken each year by IRA holders older than age 70½. Required minimum distributions are fully taxable, of course, but if those amounts are given to charities instead, they will not show up as taxable items on one's Form 1040.
- From a longer-term tax planning perspective, large amounts donated by way of an IRA will effectively reduce the long-term tax consequences of the remaining stream of annual required minimum distributions. Therefore, an IRA holder who faces the prospect of large required minimum distributions that aren't needed in the household budget might want to consider bunching up a number of anticipated future charitable gifts and make them before year-end from the IRA. (At least one member of Congress has urged lawmakers to extend this law, but no one should bank on that happening just yet.)

It is important to note that all distributions must be reported on Form 1040, but qualified amounts distributed directly to charities by the IRA custodian will not be taxed if they are reported correctly. Anyone interested in taking advantage of this temporary liberalization of IRA rules should consult with his or her tax preparer.

Large as the opportunity is, there are several limitations to it:

- As mentioned above, the IRA holder must be older than age 70½ at the date of the charitable gift.
- No more than a total of \$100,000 may be gifted this year.
- The gift or gifts must be made before December 31, 2007.
- Gifts must be made directly to charities. The law excludes foundations, donor-advised funds, and other organizations that are not regarded as operating charities. That means no transfers to fund charitable gift annuities, pooled income funds, or charitable remainder trusts.

So, although Congress has relaxed the very strict law governing IRA's for a short time, it is a very nice opportunity to accomplish some good in the world with a few simple strokes of a pen.

The law was a sweet tax gift to older IRA holders. For everyone else, the old rules continue to apply. Although anyone over age 59½ can make withdrawals out of his or her traditional IRA without a penalty, those withdrawals are fully taxable. What that means for those between 59½ and 70½ is, the withdrawal is reportable on Form 1040, and the gift is deductible on Schedule A. For some people, not all of such a conventional IRA gift will be deductible, as restrictions on deductions phase in for those with large adjusted gross incomes.

Please let us know as soon as possible if you would like to take advantage of this window of opportunity.

# “DEATH, TAXES & CHRIS CASSIDY FROM THE FREE THROW LINE”



## Colleague Profile

The above headline appeared in the Brattleboro Reformer (2002) in an article praising the high school record of 33 consecutive free throws established by Chris Cassidy in his senior year at Brattleboro Union High School. We found this and many other articles about Mr. Cassidy’s basketball achievements as we reviewed “borrowed” family albums in preparation for this profile: Chris Cassidy, our Burlington based Trust Investment Officer.

Chris joined us full-time a bit over a year ago. As noted in our last newsletter, it is difficult to profile our younger colleagues who are still developing their work personalities. Having said this, we believe Chris is the exception. We think he was fully formed somewhere around age 5 (prior to that



he was characterized as a “demon” whose noteworthy achievement was being kicked out of the Putney Day Care).

The Chris then and the Chris now is highly analytical with a very strong work ethic. We don’t see this changing. If he is going to have a mid-life crisis, it will be soon. Described by his friends as “age 24 going on 50”, he doesn’t have much time left. It seems that Chris may be one of those fortunate few who

actually discover in college what they truly like to do. And it was basketball that was the accelerant.

Chris, who was raised in East Dummerston, started playing basketball at about age 5. Influenced by his father and his brother, he decided that the only way to develop the muscle memory necessary to excel in the sport was through con-



A point guard’s job is to create scoring opportunities for his team by passing and setting up plays on the court. Using his skills and knowledge of the game, he usually exerts a leadership role on the floor similar to that of a quarterback.

stant practice. Thus he established a self-discipline and work ethic that is now second nature to him.

Basketball was his primary focus for a number of years. He and his father ran a basketball camp in Putney during the summer. Although he excelled academically, his decision to leave Northfield Mount Hermon to go to BUHS

was based primarily on the opportunity to play for the varsity team. It also influenced his decision to go to Skidmore, which was based on the combined strength of the English and basketball programs.



At Skidmore, basketball became more like a high school friend who didn’t go on to college with you, and the analytical side, so critical to his role as a point guard, now found full academic expression instead. As an English major, he was required to take two courses in math. Although he “tested out” of one of the courses, he was required to sit for one. He reluctantly ended up in macroeconomics and then discovered that he liked it more than any of his English courses. As a result he shifted to a double major: Economics and Business. A summa cum laude student, Chris received the highest award from both departments upon graduation

We first met Chris when he applied for an internship in the summer of 2004. We only had a part-time position available. So he filled the balance of the week working at Walker Farm hefting and hauling. Now we should define

Mr. Cassidy's definition of a week: it's seven days, three with us and four with Walker Farm. In 2005, during his senior year, he returned: one day with us, one day with Sherlock Investments, one day clerking with Lawyer Thomas Costello, and four days with Walker Farm.

We were so pleased with the quality of his work, his analytical strengths, and his writing ability, that we created his position perhaps a year or two earlier than planned lest we lose him to the 'big city'. A disciple of Warren Buffett, Chris has seamlessly joined our investment committee. That's not an easy thing to do when the average experience of the group is 25 years. But then again he's almost 50.

Look for Part II of our feature on the benefits of joint trusts in our next newsletter.

## BUYER BEWARE!

Recently a client asked our opinion as to whether a particular annuity was attractive. In the sales material furnished by the broker, there was a prominent statement, "No Commissions". We have seen this statement a number of times in the past, and in every instance, we discovered that the statement on closer inspection is misleading, if not untrue. Whenever the statement appears, we have also discovered an early termination fee if the annuity is cashed in within a stated number of years, usually between five to eight.

### What does this mean?

Upon purchase, the broker is paid his or her commission by the provider. Technically it doesn't come out of the original investment. Consequently, this allows the broker to say, "No Commissions". What then happens is that the provider will recover the commissions



paid by increasing the annual fees charged each year to the investment. But, if you withdraw early, the provider cannot recover the commissions *unless* they charge a termination fee.

Thus, commissions are charged to the investment. For those annuities that provide a fixed payment, this may not be important. However, in many annuities the commissions will have an impact on the yield. You need to check the small print on annuities.

We also see annuities with attractive yields that are not guaranteed after a certain period of time. Now, more than ever, the small print and the impact of early termination becomes even more important for investors who would like decent returns with safe investments.

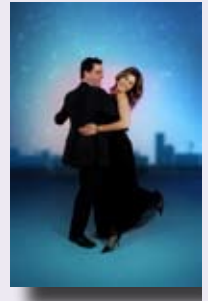
# Waltz Night

TCV is proud to sponsor the Vermont Symphony Orchestra's:

## 30th Annual Waltz Night & Silent Auction

Saturday, February 2, 2008  
in the Grand Maple Ballroom  
at the UVM Davis Center

All proceeds support the VSO's musical, educational, and outreach presentations across Vermont.



### Featuring:

- Vermont Symphony Orchestra with Anthony Princiotti, Principal Guest Conductor
- Special Tango demonstration
- George Voland Jazz
- Cocktails (cash bar)
- Dinner and Dancing
- Dessert and Coffee

### Black Tie Preferred

Seating is limited, so please reserve by January 18, 2008. For reservation information, please contact the VSO at 1-800-VSO-9293, ext. 19.