

The Charles Schwab logo features the word "Charles" in a white, cursive script font above the word "SCHWAB" in a white, bold, sans-serif font. Both are set against a blue rectangular background.The TD logo consists of the letters "TD" in a white, bold, sans-serif font, centered within a green square background.

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The TD Ameritrade-Schwab Merger and What You Need to Know

By Eric Nager, CRPS®

You have probably been hearing or reading about the coming merger between TD Ameritrade, our custodian for client accounts, and Charles Schwab. The timeline is that the final transition will take place over Labor Day weekend. Between now and then, there are some key dates about which to be aware, and some action steps that you can take to prepare.

The first key date is May 19. If you open a new account on that day or after, a Consent to Transfer will be part of the account application process. By signing the consent, you acknowledge that your TD Ameritrade Institu-

tional account is moving to Schwab, that you have received and looked at the relevant Schwab disclosure notices.

For existing accounts, the next key date is June 28. That is when you will be sent an Account Transition Notice about the move to Schwab. This is for your information only, and you do not need to sign or return it. If you have any questions about this, please contact us immediately.

If you have not established online access for yourself to view your account(s) at AdvisorClient.com, please contact us right away so we can help you

accomplish this. Having your credentials set up on AdvisorClient.com ahead of time will make the transition easier.

Starting in June, transition information will be posted on your AdvisorClient.com webpage. At that time, you will be given information on setting up your Schwab Alliance account.

It is our expectation that this merger will be straightforward and relatively seamless for you, the client. As always, if you have questions about the merger, please feel free to call and talk with us!

CONGRATULATIONS TO OUR GRADUATING SENIORS!

Last May I wrote a newsletter article about preparing for paying for college in general. Many of our clients have children or grandchildren intending to attend college, and it is a significant expense for which to prepare. Dave Ramsey fans know that budgeting for college is Baby Step #5 of 7. It is one thing to write generically about preparing for college and it is another when your own child is the one who is graduating!

This month, two Southern Capital associates have daughters graduating from high school. We extend our congratulations to Charlotte's daughter, Taylor, and to Eric's daughter, Nicole, for reaching this important milestone in life. For our clients that have graduating seniors, we send them our heartiest congratulations and wish them all the best!

Three points I will emphasize here are the importance of test scores, funding, and scholarships. With regard to standardized test scores, many schools have publicized that fact that they are now "test optional," meaning that they do not look at those scores when evaluating



potential new students to admit. However, a good score on the ACT or the SAT can be scholarship gold, regardless of other factors like GPA. A friend who works in the administration at the University of Southern Mississippi tells me that an ACT score of 30 (perfect score is 36) will earn a free ride at most public schools. There is probably an equivalent number for the SAT, but the ACT is much more prevalent in the Southeastern United States.

For funding, it is a good idea to save early and we have written in the past about various potential types of college savings accounts and the pros and cons of each. From personal experience, we found that a 529 plan was a helpful tool in that it has sizable contribution limits and, if your state has a state income tax, contributions to the plan of your state are often state income tax-deductible. A drawback to this

type of account is that there is a penalty if the money is used for anything other than educational expenses. However, those expenses have a broad definition, to include room and board, as well as things like books and computers, not just tuition.

For scholarships, it is mind boggling how many there are out there for which to apply. Most people tend to think of them as mainly for those entering college as freshmen, yet, there are many that can be applied for throughout your college career. One client told me that his daughter practically paid for her entire senior year of college with scholarships she won as a college student. In her case, her parents had given her a set amount for school and that money would go to her instead of the school for any amounts of scholarships earned. For her senior year, she ended up pocketing somewhere between \$18,000 - \$20,000: not a bad start to your working career!

If you have questions about getting your children or grandchildren financially ready for college, we are happy to speak with you.

**Please remember to notify us if you have had any material changes
in your financial circumstances.**
