

FW: Change in Principal - has a false picture been created?

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Date: Wednesday, September 16, 2015, 9:07 AM EDT

Ben,

See 2nd Page

On page 3 of the December statement, you will see the "Portfolios at a Glance" which is what is in question.

Your portfolio(s) at a glance

Portfolio		Total Market Value
12022925.1	BEN W MARTIN INSURANCE TR RBC CASH USDI	0.00
12022925.2	BEN W MARTIN INSURANCE TR RBC CASH USDP	2,500.03
12022925.3	RBC WM, 352-22261 USDI	336,963.14
12022925.4	RBC WM, 352-22261 USDP	6,908,928.92
Totals		7,248,392.09

The way RBC Trust had been accounting for the RBC WM income in 2014 was by posting all income (any dividend or interest that posted in a/c 352-22261) into the .3. This income figure was being accumulated even though income distributions were being made on a quarterly basis. The income distributions to Joyce are made from the RBC Trust cash account (.1). RBC Trust calculates the net income on a quarterly basis and we ask Mike to transfer cash from the RBC WM account to the RBC Trust cash account in order to make the distribution. Theoretically, the accounting for these distributions should be made from the .3 account (which would then clear the income balance). RBC always posts the distributions from RBC WM to RBC Trust as coming from the .4 as it would be impossible for our operations team to know if a distribution from RBC WM to RBC Trust represents distribution of income, principal, or a combination of both. As such, the income in the .3 continued to accumulate even though we had been distributing out the income.

So, the figure of \$336,96.14 as of 12/31/14 represents all of the income (dividends and interest) that posted since the account was opened.

If you look at page 6 of the 12/31 statement- you will see a cash balance of \$336,963.14 in the .3 account. On page 7 - you will see a NEGATIVE \$329,525.23 in the .4 account.

Just a few months ago, RBC made a decision to NET these figures going forward so the income will cease accumulating.

Since we distribute out the net income to Joyce on a quarterly basis, the most the account should hold in income is a quarter's worth of income.

The initial figures that you give are the more accurate figures to look at (both figures would include a small amount of income that had accumulated but had not been distributed).

Jan 1 2014 MV \$7,082,788.56, Dec 31, 2014 MV \$7,236,038.54

As of 12/31/14, the balance of the trust is \$7,248,392.09 of which \$43,683.05 is the income that had not yet been distributed (we distributed it to Joyce on 1/22/15) and \$7,204,709.04 is the prin.

*\$7,204,709.04 is stated
to be principal*

As of 12/31/2013, the balance of the trust is \$7,082,788.56 of which \$27,307.90 was income that had not yet been distributed (we distributed it to Joyce on 1/17/14) and \$7,055,480.66 is the prin.

Let me know if you need more clarification. I would be happy to set up a conference call.

Thanks,

Ann

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