



PENSCO Bolsters Management Team

On February 19th, Thomas C. Roberts, PENSCO Trust's Chairman, announced the appointment of PENSCO Trust's Founder, CEO and President, Tom W. Anderson, to the position of Vice Chairman of the Board. "We are confident that his proven leadership and insight will help us continue to drive long-term profitable growth for PENSCO Trust," says Roberts. In addition to his duties on the Board, Anderson, a recognized national expert, keynote speaker and author on the topics of retirement planning and self-directed IRAs, will assume responsibilities for developing strategic alliances, managing regulatory and industry relations, and external corporate communications and education.

In March of 2009, Anderson was invited to the White House with 114 other U.S. and foreign financial services professionals and Administration personnel to assist the Obama Administration on developing recommendations on the future of finance in America.

He has also testified at both the IRS and Department of Labor on matters pertaining to retirement savings, and initiated changes changing to IRS regulations affecting all non-bank custodians of retirement accounts.



Kelly A. Rodriques

Filling Anderson's previous position, Kelly A. Rodriques joined PENSCO Trust as CEO and President effective March 1, 2010. Rodriques brings a wealth of experience and skill to his new position, having taken several companies from inception to significant levels of success. "I am excited about PENSCO Trust's accomplished reputation and positioning as a leader in its industry, and I am looking forward to leading the firm to new levels of growth in the years ahead".

Rodriques was formerly with Ignition Growth Capital, a venture capital company located in Seattle, Washington, where he held the position of Operating Partner. Prior to Ignition Growth Capital, he was CEO of Totality Corporation in San Francisco, serving Fortune 500 companies with proprietary high transaction volume automated services. Totality managed \$10 billion of daily transaction volume in a highly regulated environment. In four years, Rodriques increased sales from \$12 million to \$95 million.

Mr. Rodriques was also the Founder and CEO of Novo/Publicis, an Internet marketing and development company responsible for the development of websites such as Orbitz and ETrade.

Mr. Rodriques has the distinction of being a member of the U.S. Track and field team and a participant in the 1986 World Games. He received a B.S. from California State University in 1986.



eStatements for Designated Representatives

PENSCO is doing its part to go green by reducing the number of paper statements we will be producing in 2010. Effective First Quarter, 2010, Designated Representatives will have access to eStatements only for IRA Accounts. Simply go to www.penscotrust.com/login to log in with your assigned 'User ID'. From the "Control Center", choose any client from your "Client List", click "View E-Statements", and select the quarterly statement you'd like to view. We hope you appreciate the convenience and ease of instant-viewing, as well as knowing that we've jointly reduced our environmental impact.

Launch of the New PENSCO Institutional Platform (PIP)

On June 10-11, in Boston, PENSCO Trust will be presenting its new institutional platform designed to support the needs of investment advisors and financial institutions in the administration and custody of alternative investments.

Join us in Boston!

Go to www.penscotrust.com/symposium for more information and to register.

Annual Asset Valuations For all of you who turned in your updated annual asset valuations – thank you! Your assistance is vital to our ability to maintain accurate values of the private placements and real estate assets we custody for you. All conforming submissions of updated values have been incorporated and should be reflected in your current statement. If you question any asset value on your statement, please let us know and we will be happy to help you submit the documentation required for us to correct it.

Relief from Market Volatility within Self-Directed Retirement Accounts

By Laurie Bachelder and Rajeev Kotyan,
Principals, NUA Advisors, LLC

Self-directed retirement accounts (SDRAs) allow for a variety of investments, beyond the traditional securities markets (namely stocks, bonds, and mutual funds), which provide for greater portfolio diversification within your SDRA. All individual retirement accounts (such as Traditional IRAs, Roth IRAs, Health Savings Accounts, Coverdell Education Savings Accounts, to name a few), allow for investors to invest in traditional and alternative investments such as real estate and private equity on a tax advantaged basis as specified by IRS regulations.

Diversification is a familiar term to most investors. In the most general term, it can be summed up with the phrase: "Don't put all your eggs in one basket." Certainly that statement depicts the essence of the issue, but it affords little guidance or insight into how to assemble a truly diversified portfolio. The lack of education regarding true diversification is a common issue for many investors.

Diversification is a key component of a solid investment strategy. In order to properly diversify an investment portfolio you must consider many different asset classes with low correlation to the whole portfolio. Although many Investment Advisors will advise it, diversifying across many mutual funds or individual equities is only a limited version of true diversification. Modern Portfolio Theory (as documented by Harry Markowitz) tells us that holding a well-diversified 'basket' of investments can be one of the best ways for individual investors to reduce portfolio risk for a given level of performance. But a portfolio comprised of only stocks, bonds and mutual funds may not be sufficient enough to provide true diversification.

Diversification can be thought of in different ways. Many investors can determine how to put together a well-diversified mutual fund portfolio compared to the typical models, but they tend to fail in diversifying their assets with low correlation funds. Correlation is the degree to which different asset classes move in a similar manner.

"The Modern Portfolio Theory says that the risk of any investment can be reduced and/or performance increased by forming a portfolio of diverse and non-correlated assets."

A truly diversified portfolio contains not only a range of different asset types, but also assets that have low correlation to one other. Constructing a portfolio this way will reduce the likelihood that your assets will move in tandem. Alternative investments can provide qualified investors viable options to the securities market and may help respond to different market conditions.

This is an abridged version of the complete article that can be found at www.penscotrust.com

The information presented within this newsletter is provided by PENSICO Trust for educational purposes only and is not intended as, nor should be relied upon as tax, legal, nor investment advice. Please seek professional guidance when making your own investment decisions.



Tom's Column

Q. I have money in the tax-deferred part of my Solo(k), and I want to convert the money to a Roth IRA in 2010. I am specifically interested in taking advantage of the two-year taxation benefit of a Roth. I know I cannot do the conversion within a Solo(k), so here is my question:

Can I go from my tax-deferred Solo(k) bucket directly to a new (non-Solo(k)) Roth IRA account, or, do I need to go to a newly established traditional IRA account before converting to a Roth IRA? In other words, can qualified money be moved directly to a new Roth account for conversion purposes, or does the qualified money need to move outside of the plan to a traditional account prior to a Roth conversion?

A. With the passing of the Pension Protection Act of 2006, and effective beginning in 2008, you can directly roll accrued pension benefits from a pension plan like a Solo(k) directly to a Roth IRA subject to the conversion rules for a Solo(k). Also, as you've alluded to, effective January 1st of this year, you may convert any amount, regardless of your income, to a Roth IRA. You may also defer paying tax on the amount converted to 2011 and 2012 tax years, or alternatively claim it as income in 2010. So, yes you can convert tax-deferred qualified funds in a Solo(k) directly to a Roth IRA, provided that you have a qualified distribution event (e.g., retirement, termination of the plan, disability, death, etc.). However, if you have funds in your Solo(k) that are from a former pension plan or an IRA that you rolled into the Solo(k), they can be converted to a Roth IRA at any time.

Come see Tom speak in person at our next Symposium!



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