

## Trust Topics and Trends for Financial Advisors



## ITC Brief Overview

- Independent Trust Company is a boutique provider of premium trust services to clients throughout the US. A trust family that had tired of working with conflicted trustees that invested trust assets in internal, proprietary and high expense investments initially formed ITC in 1997.
- ITC does not offer investment products. The beneficiaries of ITC's trusts enjoy the perfect alignment of interests that occurs when an independent trustee provides investment management at arm's length by delegating to outside financial professionals.
- Our national referral base includes national custodial platforms, investment managers, bank owned trust companies, attorneys, accountants, high net worth families and non-profits throughout the country.
- Client assets are held at the broker dealer and custodian level eliminating a need to learn a new trading system for managing trust assets. Our model creates a team to serve the trust beneficiaries; a dedicated trust officer working with the investment advisor/relationship manager.

## Andrew M. Crane, Sr.

Executive Vice President  
National Sales Director



- Andy joined Independent Trust Company after more than 35 years of banking, trust and wealth services experience. He was previously the National Wealth Strategist for Reliance Trust Company of Atlanta, Georgia.
- He was Founder and Chief Executive Officer of Trust Company of the South located in Greenville, S.C. Prior to Trust Company of the South, he was affiliated with several national banking organizations, including Bank of America and The Citizens and Southern Banks. Along with trust, his responsibilities have included executive positions in private, national, corporate, correspondent and retail banking.
- Andy is a graduate of Wofford College with a certificate from the Stonier Graduate School of Banking at Rutgers University.

## Current Trust Opportunities for Advisors: How to Work Smart Not Hard

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- Plant the Seed for the Future (Longer):
  - Have client form a trust document, name ITC as Successor Trustee, then wait for a funding event to create the trust
  - This method is used by all trust promoters and assures all VOYA Advisors when naming ITC that they will handle investments in the trust
- Pick the Fruit and Eat Now (Shorter):
  - Existing Trust serviced by family member or trusted friend
  - Existing Trust Serviced by big bank
  - Existing Trust Serviced by local bank

## Advantages & Disadvantages of Corporate Versus Individual Trustees

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- Corporate Trustee is paid to be impartial and arm's length
- Family Dynamics can affect an individual's trustee's decisions
- Expenses – Pay corporate trustee now or later and now is always cheaper

## Understanding the Costs of Trust Administration

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What Does the competition charge?

- Between 150 and 225 basis point, all in

How does the independent model stack up?

- Typical advisory fee: 80-125 basis points
- Typical trustee Fee: 50-75 basis points

Most of the time the independent model is more cost efficient and trust assets typically outperform prior bank trust investments when moved to an independent advisor

## Considerations in Selecting a Trustee

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- **Conflict of Interest**
  - Most corporate trustees also provide investments for their accounts in house. There is an inherent conflict with this model as the fox is looking over the hen house and investment choices are limited and fees frequently higher or not transparent. The ITC model separates these critical duties in the best interest of beneficiaries
- **Time Consumption**
  - Most family or individual trustees will give only part time attention to the full time job of trustee
- **Trustee Responsibilities Experience required**
  - Legal obligations and proceedings
  - Understands how rights differ between various beneficiary classes
  - Administrative obligations – the importance of P&I accounting
  - Understanding of trust tax treatment

## Client Conversations that Set Advisors Up for Long Term Success

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### **The Advisor's Golden Questions**

- Are you or your family currently involved with a trust?
- Are you happy with your current trust provider?
- Are you contemplating creating a trust in your future?

**Advisors that ask the Golden Questions in their client reviews find and win new business**

#### **You will find that:**

- Most beneficiaries are unhappy, not only with the investment performance of their trusts but more so the service levels
- Trust assets usually under perform the market because they are invested in high fee funds that are typically managed by an affiliate of the trustee. This is a major competitive advantage you enjoy working with ITC
- Most beneficiaries are not aware that they can move their trust to ITC/VOYA

## Successful Advisors *Trust Independence*

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- Trustee's Duty of Impartiality requires that they align their interests with the trust's beneficiaries. This is our model
- We avoid conflicts of interest found in additional non trust business lines from bank providers; checking, loans, etc.
- ITC utilizes mid-90s enhanced Uniform Prudent Investors Act, Section 9 to engage advisors as agents for investment management
- Effective Delegation allows VOYA Advisors access to the \$Trillion trust marketplace

## Why Advisers Lose Trust Assets

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- Assets move to national/local bank trust which is named Successor trustee. **Ask the Golden Question!**
- Do not know they can continue to manage trust assets with Independent Trust Company affiliation
- Intimidated by apparent complexity of trust and fiduciary relationships
- Lack of communication with the next generation
- Lack of experience in working with trusts

## Client Conversation That Sets You Up for Long-Term **Relationship Retention**

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- Trust assets will be managed by an investment advisor clients and their beneficiaries already know and trust
- Holistic view of trust and non-trust investments
- Professional corporate trustee for trust administration/Professional VOYA Advisor for investments

**Ask the Golden Questions**

## Overview of Trust Market in the US

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### **Boston College Wealth Transfer Study**

- \$41 Trillion assets generationally moving from 1998 to 2048, and beyond
- Projected transfer from Post War to Baby Boomers to Gen X

**Ask the Golden Question?**

## Additional Information

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