ESSENTIAL STEPS TO SUCCESSFUL PROSPECTING FOR TRUST ACCOUNTS

FINANCIAL ADVISORS LOOKING TO ADD TRUST ACCOUNTS TO THEIR BOOKS NEED TO LISTEN TO CLIENTS' REAL-LIFE CONCERNS THAT AREN'T ALWAYS MONETARY.

SPONSORED BY
PREMIER TRUST
"It's A Matter Of Trust"SM

FINANCIAL ADVISORS can profit greatly through managing trust accounts. However, due to misconceptions and a lack of understanding, many advisors are not sure how to go about prospecting for them. Fortunately, with the right approach to identifying potential prospects, advisors can set up an effective system to seek out trust accounts.

The largest generational shift of wealth is currently underway. In many cases, assets are being transferred from one generation to the next by trusts. Advisors that incorporate estate planning and trust services with their clients are poised to attract and retain assets held in trust, increase their long-term revenue, and increase the value of their practice.

Harris Scher, Senior Sales Director from Everplans explains, “The multigenerational transfer of wealth is here, with over $40 trillion in assets expected to change hands from baby boomers to Gen X and then millennials over the next 30 years. The same way clients may put off important aspects of planning until it’s too late — like outlining eldercare wishes for when they can no longer live on their own, or even creating a Will — advisors who don’t acknowledge this is an issue worth addressing may be in for an unfortunate surprise when their clients’ children fire them after receiving an inheritance.”

Trusts are not just for the Wealthy

There is far more to trust accounts than the average size of inheritances. For starters, advisors interested in overseeing trust accounts need to realize that they are not merely for “rich” people, according to James Pollard, marketing consultant to financial advisors and founder of TheAdvisorCoach.com. Education is also key — trusts are poorly understood not just by financial services clients, but by the advisors too, according to Pollard.

An Array of Choices for Helping Clients Meet Goals

From asset protection trusts to charitable trusts, tax bypass trusts to spendthrift trusts, each serves different functions and provides a wide variety of ways to protect wealth and ensure that the wishes of the client are met.

Trusts can help clients manage unique assets, avoid probate, prevent family infighting, reduce tax liabilities, provide for the orderly transfer of assets to future generations and more, experts say. Advisors looking to pinpoint potential prospects in their own book of business can use that knowledge to identify candidates.

“You can look for someone who is very charitable — you can set up a charitable trust,” Pollard says. “You can look for someone who values privacy. Trusts are private because they are a business contract that avoids probate, so there’s no record of them. Also, if there is a family situation where children or grandchildren don’t like each other, a trust can help eliminate some of the family feud that comes with one’s passing.”

PROSPECTING FOR TRUST CLIENTS

STRATEGY & CLIENT PROFILE	ASK QUESTIONS	FOLLOW-UP
Replacement Trustee – Removing a current trustee and replacing them with Premier Trust. Who to look for: • Clients that are getting a K-1 • Clients that are a beneficiary of an actively administered trust by a bank or multi-state trust company	• I see you get a K-1 each year. Are you a beneficiary of an irrevocable trust? Who is the current trustee? • How satisfied are you with your current trust officer and the services being provided? • Do they have a 1-800 number or do you have a direct line for your trust officer? • Does the current trustee manage investments? Are you satisfied with their performance?	• How interested would you be in having me manage the investments in the trust? • Would you like to hear the differences in how I would manage the investments compared to the bank trustee? • I partner with a trust administration firm that allows me to manage the investments. May I interest you in a call with one of their trust officers?
Successor Trustee – Increase your odds of managing assets into the next generation. Who to look for: • Clients who have named a family member or bank as successor trustee. • Clients who are concerned about their children inheriting money. • Clients that recently went through a life change: marriage, birth, death, health concerns, purchase or sale of real estate. • Clients who need to review their trust.	• Who have you named as trustee or successor trustee in your trust? • Is the named trustee or successor trustee aware of the duties and re sponsibilities involved in being a trustee? • Do you have confidence that the named trustee will follow your written instructions objectively, even in times of emotional turmoil? • Do all your beneficiaries get along?	• How interested would you be in looking at a corporate successor trustee? It does not cost anything to name a trust company as successor trustee. • You many change this designation at any time while you are alive. • A corporate trustee will not become ill, get divorced or remarried, move away, or be distracted by personal concerns or emotions. • They only charge fees when they administer your trust.
Agency – Agent for a successor trustee What to look for: • Clients that are a successor trustee for someone.	• Do you need assistance administering a trust? • Are you worried about the liability with being a trustee?	• I have a company that can act as your agent; assisting you with administration and protecting your liability. • You will retain control and I will continue to manage the investments.

Advisors should look at clients who have recently experienced a major life event such as a birth, retirement or disability, according to Rob Tyler, Senior Fiduciary Officer and Senior Vice President at People's United Wealth Management. Overall, advisors must be in the habit of listening to their clients' needs that could be met with a trust, the same way they would listen for needs such as consolidating debt, he says.

To get ready for the initial meeting with a trust account prospect, preparation and planning is key, experts agree. This includes, first and foremost, a clear understanding of the various trust options and how they can benefit the prospect. Pollard adds that some pre-meeting education for clients can also help.

"I've found that the single best thing to have ahead of these meetings is some type of chart illustrating how trusts work and explaining them in simple terms," he says. "You can email that to a prospect and have him or her look over it before the meeting. If you do it right, it will answer a lot of questions and clear up confusion."

ACTION ITEMS

Ask for Document	Ask your client for a copy of the trust document, statement of assets
Understand their Needs & Wishes	Confirm their needs and wishes
Forward to Premier Trust	With client permission, forward the trust and statement to your Premier Trust Specialist for review
Introduce	Schedule an introduction for the clients and Premier Trust
Call Anytime	Call your Premier Trust Specialist for an evaluation of your client's situation
Looking For More Information?	Visit: www.PremierTrust.com for more information on our services

Getting Past the Financials

Preparation is just the first step, however: during the meeting, advisors must be ready to listen and learn from their clients, Pollard says. Advisors must also not shy away from sensitive questions, according to Tyler

"What keeps them up at night?" he says. "What are they really interested in achieving in their heart of hearts? Are they after tax minimization? Do they need assistance to carry out their wishes after they're no longer able to? Do they want to preserve or create a legacy? Do they want to provide for their own incapacity? Or is it simply to achieve peace of mind and be able to sleep at night?" And finally, advisors need to be patient and be prepared to address client concerns over time.

"Trusts often involve difficult decisions as people are often facing their own mortality, so these discussions may span several months to over a year," Tyler says.

Q: What is the most important thing to remember when implementing a multigenerational strategy for your clients?

A: The first step is to recognize that the multigenerational transfer of wealth is here, with over $40 trillion in assets expected to change hands from baby boomers to Gen X and then millennials over the next 30 years. The same way clients may put off important aspects of planning until it's too late — like outlining eldercare wishes for when they can no longer live on their own, or even creating a Will — advisors who don't acknowledge this is an issue worth addressing may be in for an unfortunate surprise when their clients' children fire them after receiving an inheritance.

There are 3 key components to address when implementing a multigenerational strategy for your clients that address the wide range of accompanying challenges.

1. Get Digital – Younger tech-savvy clients expect a different level of service than their parents. They may expect to have meetings online (via Skype, Facetime, Google Hangouts), communicate solely via email…or, dare I say, entirely over text. Additionally, younger generations often make referrals via social media so it's critical to regularly update your social media accounts and maintain a respectable website to make it easy for potential clients to learn more about your company, and to share your information.

2. Treat the whole family as the client – Only 7% of advisors have relationships with their clients children*. While your clients children may not be your ideal client today, it's shortsighted to neglect this relationship. As they age they'll build wealth, inherit, or marry people with assets. These are the ideal clients of the future.

Calling a family meeting centered around financial literacy and setting goals can start the dialogue. This can help you understand family dynamics, strengthen relationships to prevent younger generations from going astray, and show how much you truly care. If the first time you meet your client's children is after they receive an inheritance, it's usually too late; they will likely take their money elsewhere.

3. Be personal – The perfect way to engage all generations of a family is by finding unique ways to help. It doesn't begin and end with financial accounts – think about how to get involved in other areas of your client's life like their estate planning. At Everplans we call it Life & Legacy Planning. Do they have all the necessary legal documents in place? Are they securely stored and easily shared with the people who will one day need them? By helping your clients get organized, you become the center of your client's universe for generations to come.

-Harris Scher, VP Strategic Partnerships with Everplans

**From 2016 Study conducted by Cerulli and Everplans*

Who is your Successor Trustee?

If a client already has a trust, advisors should always ask who the client has named as their successor trustee. Who is the fiduciary tasked with carrying out their wishes when they pass away? Advisors often find that their clients have named their oldest child or a family member. This is a good time for an advisor to learn more about the family dynamics and help determine if that is the right person for the job. Does that person have experience administering trusts? Does that person have the time and resources available to properly administer a trust? Would this person serving as trustee create dynamics within the family that could have been avoided otherwise? An advisor can gather future assets by suggesting an advisor-friendly trustee as an alternative to naming a family member as successor trustee.

Partnering with an advisor-friendly trustee is one of the simplest and oftentimes overlooked ways to manage assets into the next generation. We have all seen the statistics that if the successor trustee is a friend, family member, or bank, nine times out of ten the advisor will lose that business when it passes to the next generation. Trust assets are sticky. Gino Pascucci, Marketing Director, Premier Trust, explains, "The best insurance for your book of business is listing an advisor-friendly trustee as successor trustee on your clients' revocable living trusts. When your client passes away, the trust company will step in to administer the trust and delegate the investment management to you. This is one of the best ways to ensure you continue to manage your clients' assets for multiple generations. You have already prospected for their account once, why prospect again?"

A corporate trustee, however, is not one-size-fits-all. If the client is comfortable with their oldest son or daughter serving as successor trustee, then that is great. The advisor now knows that one of their main priorities should be to get to know that person on a greater level. The advisor should set up a meeting with the successor trustee and explain their value proposition. If an advisor is comfortable, they should explain some of the duties of a successor trustee. Advisors should let the successor trustee know they can be used as a resource to help guide them along the way.

Prospecting for Irrevocable Trusts

As for advisors looking for prospects outside of their own books of business, advisors should develop an external network of professionals and ensuring they understand what benefits are offered by trusts. Tax, legal and other consulting services professionals can all be potential partners, according to Tyler. A trust company that does not manage money, provide legal advice, or tax services will be a great additional to your referring team of professionals. This way each professional can focus on what they do best without fear of having their business poached.

Advisors can work their external network of professionals and may find that many prospects and existing clients are beneficiaries of actively administered irrevocable trusts. If the trustee is a large bank or multi-state trust company, there is an opportunity for advisors to manage those assets. If the advisor can get a copy of the trust and see how the current trustee can be removed, the trust can potentially be moved to an advisor-friendly trustee, thus allowing the advisor to manage the investments. Each time a client receives a K-1, advisors should be asking where that income came from. More often than not, the client does not know and will claim it comes from a trust their parents or grandparents set up for their benefit. They often do not realize that they potentially have the power to remove the current trustee and appoint one of their choosing. Advisors can actively solicit this business.

Successor trustee business will increase an advisor's long-term revenue. Soliciting actively administered irrevocable trusts is a way to manage more assets today. Many clients are not happy with their current trustee or trust officer, but do not know that there is an alternative. Because of that, advisors who are prospecting for existing trust business have found great success. Plugging into the right networks of complementary professionals, and making existing clients aware of their options, will ensure that advisors can tap into the lucrative revenue from irrevocable trusts.

Prospecting for trust accounts begins with understanding the various trust set-ups and how they can serve a client's specific financial needs and long-term goals needs. By actively seeking to educate existing clients, always staying aware of a client's financial concerns, and building and maintaining a robust network of other professionals who can steer business their way, advisors will ensure they have a healthy pipeline of trust business.