

A CASE STUDY:

EXPAND YOUR PRACTICE—

TRANSFERRING A

PERSONAL TRUST

As a financial advisor, your close relationships with clients and their families provide you with opportunities to expand your practice and increase assets under management by including personal trust services. Consider the case study below in which an advisor made a small adjustment to his client review process and it resulted in the client moving a \$1 million trust account to the advisor's practice.

This case study is typical and the circumstances are very similar to many other accounts that advisors bring to The Advisory Trust Company of Delaware.

CASE STUDY

An advisor in the Philadelphia area offers full investment and planning services. The advisor performs regularly scheduled reviews with his clients and has decided to include trust related questions in his clients' annual reviews by simply adding these three questions:

1. *Are you the current beneficiary or future beneficiary of a trust created by an individual?*
2. *Are you the trustee of a trust that benefits individuals?*
3. *Have you created a trust to provide for you or your family now or in the future?*

The advisor has a long standing relationship with the Ford family. The Ford family runs a successful regional business and the advisor has dealings with first and second generation family members. The advisor believes the Ford family values his advice, professionalism, access to financial resources, and his team.

During the Ford family annual review, the advisor discovers the family has a trust relationship with a large east coast bank. The family had never mentioned the \$1,000,000 account because they felt it was not their money. The assets had been placed in trust by Mrs. Ford's father and Mrs. Ford was the beneficiary. After receiving positive responses to the initial questions, the advisor inquired further:

- *How are the assets invested;*
- *How often does the family work with the trust advisor;*
- *How long has the trust advisor worked on the account;*
- *Is the family happy with the account performance;*
- *Do they need the income (would more income be better);*
- *Who controls the distributions;*
- *Who controls the asset allocation;*
- *Has the family ever looked into moving the account;*
- *Would the Fords like the advisor to do a portfolio review?*

The advisor discovered that the Fords were not pleased with the investment performance and they did not know the bank contact. They had never inquired about moving the trust.

The advisor asked and received approval from the family to review the trust and provide options for investment management. The advisor obtained the trust agreement; in this case, the Last Will and Testament and current bank trust statement, from the Fords. He forwarded these two items, along with a brief history of the Ford family, to Advisory Trust to evaluate whether the trust could be transferred from the current trustee to Advisory Trust, with the advisor managing the assets and securing custody at the broker/dealer.

Advisory Trust received the trust document, statement of assets, and a brief description of the family's reliance on the trust. Advisory Trust reviewed and evaluated the opportunity to serve as successor trustee of the Trust. Advisory Trust also outlined the steps necessary to remove the current trustee and appoint Advisory Trust as successor trustee.

Upon completion of the review, and Advisory Trust's willingness to serve as successor trustee, Advisory Trust's sales desk provided signature-ready documents to facilitate the transfer process. The advisor worked with the Ford family to obtain the necessary information and returned the signed documents to Advisory Trust. Upon receipt of the signed documents and other required information, Advisory Trust informed the current trustee of their removal and provided delivery instructions to transfer the assets.

The advisor added \$1,000,000 of assets to his practice and enhanced his relationship with the client.

CONCLUSION

During your typical client review, add three basic questions to assist in uncovering pools of trust assets that can be added to your book of business. The three basic questions can be as simple as:

1. *Are you the current beneficiary or future beneficiary of a trust?*
2. *Are you the trustee of a trust that benefits others?*
3. *Have you created a trust to provide for you or your family now or in the future?*

With these answers in hand, follow up with the same types of questions asked in the case study. If you think there is an opportunity, contact the Advisory Trust sales team at **1.800.258.6334**. Once Advisory Trust has the information and documents, our knowledgeable sales force can provide you with step-by-step guidance in transferring the trust assets.

THE FOREGOING IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. It is not designed or intended to provide financial, tax, legal, accounting, or other professional advice since such advice always requires consideration of individual circumstances. If professional advice is needed, the services of a professional advisor should be sought.

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