



An Introduction to Trust Services, Wealth Management, & Insurance

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Topics

- Overview
 - Wealth Management
 - Trust Services
 - Retail Investment Brokerage Services
 - Insurance
- How Do These Additional Products & Services Benefit:
 - Customer
 - Employee
 - Bank

Headlines

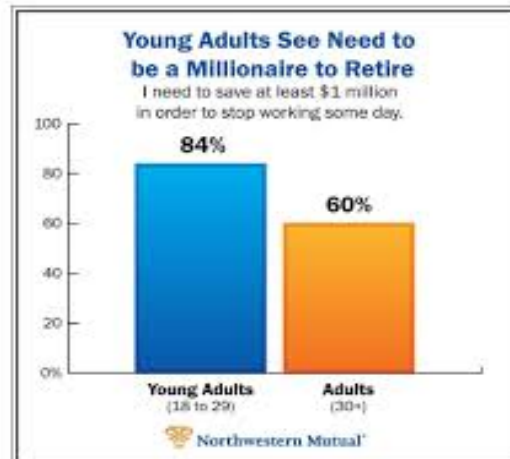


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FACT: 

Fewer than one in five Americans say they feel confident in their ability to save enough for a comfortable retirement, according to the Employee Benefit Research Institute.



Most young adults think they will need to be millionaires before they retire. In contrast to their older counterparts, young adults see a need to save more for retirement.

Headlines

- Since 1999, regulatory changes have encouraged financial institutions to surge into the property and casualty insurance business as the “next big thing.” – ProfitStars
- The Silver Economy: Wealth managers change model for baby boomers – Financial Times
- Banks that Offer Insurance and Investments are More Profitable - LifeHealthPro
- Consumers who have purchased an investment or insurance product from their primary bank or credit union have checking account balances that are 16% higher than those households without a brokerage or insurance relationship. - SRI International

Overview – Trust Services

- Essentially, the function of the Trust department is to handle the administration of trust funds, discretionary management of assets, provide estate planning support, and in some cases, see to the disposition of the estate of a deceased customer.
 - Executor
 - Trustee
 - Investment Management (discretionary management)
 - Custody Accounts
- Other Options
 - Agency Accounts
 - Investment Portfolio Accounts
 - Guardianship Accounts
 - Executor/Administrator of Estates
 - Revocable and irrevocable trust administration
 - Charitable gifting strategies
 - Business succession planning
 - Risk management
 - Foundations or Endowments
 - College Scholarships

Overview – Trust Services

- Trust Administration Services
 - Various Trusts
 - Revocable Living Trusts
 - Irrevocable Trusts
 - Grantor Trusts
 - Irrevocable Life Insurance Trusts
 - Marital & Family Trusts (CRTs and CLTs)
 - Special Needs Trusts
 - Testamentary Trusts
 - Charitable Trusts
 - By-Pass Trust

Overview – Trust Services

- A trust department is typically staffed with:
 - Administrative personnel
 - Trust Officer
 - Attorney or paralegal (outsource)
 - Investment Managers
 - Private/Personal Bankers
- Work with individuals & businesses
 - Generally assets in excess of \$250,000

How Do Trust Services Benefit The Customer?

Benefits may include:

- Protection of assets and ensuring their distribution according to the customer's wishes
- Helping protect a customer's estate from potentially excessive taxation and transfer costs
- Managing the customer's affairs when they are no longer able
- Creating a detailed charitable giving plan

Many people accumulate wealth in their retirement accounts and own assets that, when added together, have value. A properly drafted trust, a legal arrangement drafted by an attorney that transfers property to a trustee, may be a critical tool in estate planning. A trust can help a customer think about the type of legacy they want to leave.

How Do Trust Services Benefit The Employee?

- Ability to refer your customers, friends & family to trusted colleagues and strengthen the existing relationship with the bank
- Could provide a potential career path opportunity for you
- Referral might lead to additional incentives if your bank participates in a referral incentive program
- Provides an important resource to help build understanding and additional insight on the specific types of services and products available

How Do Trust Services Benefit The Bank?

- Attract and retention of customers
- Increased revenue potential
- Increases products and services which ultimately increases the depth of the customer relationship with the bank
- Helps the bank maintain a competitive stance within the markets they serve

Overview – Retail Investment Brokerage Services Regulation

- In the 1960s the OCC issued aggressive interpretations of Glass-Steagall to permit national banks to engage in certain securities activities. Although most of these interpretations were overturned by court decisions, by the late 1970s bank regulators began issuing Glass-Steagall interpretations that were upheld by courts and that permitted banks and their affiliates to engage in an increasing variety and amount of securities activities. Starting in the 1960s, banks and non-banks developed financial products that blurred the distinction between banking and securities products, as they increasingly competed with each other.
- Separately, starting in the 1980s Congress debated bills to repeal Glass-Steagall's affiliation provisions (Sections 20 and 32).
- The Gramm–Leach–Bliley Act (GLBA), also known as the Financial Services Modernization Act of 1999
 - Repealed part of the Glass Steagall Act of 1933; removed barriers in the market among banking companies, securities companies, and insurance companies that prohibited any one institution from acting as any combination of an investment bank, a commercial bank, and an insurance company. With the passage of the Gramm–Leach–Bliley Act, commercial banks, investment banks, securities firms, and insurance companies were allowed to consolidate.
- FDIC – 5000 Statements of Policy
 - Interagency Statement on Retail Sales of Non-Deposit Investment Products
- Local State Regulations

Overview – Retail Investment Brokerage Services

- By regulation, banks can not directly offer investment & insurance products and services, however they can make them available to their prospects and customers through a third party agreement or by establishing an affiliate company.
- Retail investment brokerage services are typically offered via a registered investment representative who is registered through a broker dealer.
- The registered investment representative is typically a dual employee of the bank and broker dealer however they can operate independent of the bank.
- A representative offering investment must successfully pass a series of exams;
 - Series 6 or 7
 - Series 63

Overview – Retail Investment Brokerage Services

- A retail investment brokerage department is typically staffed with:
 - Administrative/Operations personnel
 - Registered investment representative
 - Registered principal
 - Compliance officer
 - Other supportive departments
- Work with individuals & businesses
 - Generally available investable assets in excess of \$50 to over a million

Overview – Retail Investment Brokerage Services

- The primary function of the financial services resource is to provide the customer access to non-bank products and services such as:
 - Retail investment brokerage products
 - Stocks
 - Bonds
 - Mutual Funds
 - Life Insurance
 - Long Term Care Insurance
 - Annuities
 - Exchange Traded Funds
 - Unit Investment Trust
 - Certificate of Deposits
 - Managed Accounts (discretionary or non-discretionary)
 - Financial Planning
 - Specific goal or purchase
 - College
 - Retirement
 - Estate
 - Protection of Assets

How Do Retail Investment Brokerage Services Benefit The Customer?

Benefits may include:

- Convenience
 - access to non-bank investment products and services through a registered investment representative within the setting of their local financial institution
- Understanding and Knowledge
 - opportunity to learn about the different options available to them based on their specific goals & objectives which assists them in making a well informed decision
- Peace of Mind
 - Assess your current financial situation, risk tolerance, and time horizon
 - Identify your short-term and long-term financial needs and goals
 - Develop a sound financial plan
 - Track your financial progress to make sure your plan remains in line with your goals



How Do Retail Investment Brokerage Services Benefit You?

- Ability to refer your customers, friends, & family to trusted colleagues and strengthen the existing relationship with the bank
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- Provides an important resource to help build understanding and additional insight on the specific types of services and products available

How Do Retail Investment Brokerage Services Benefit The Bank?

- Attract and retention of customers
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Overview – Insurance Agency

- Since 1999, regulatory changes have encouraged financial institutions to surge into the property and casualty insurance business as the “next big thing.” Over the past seven years, banks and credit unions have invested billions of dollars in buying, building, or starting property and casualty insurance agencies.
- Unlike many banking products, insurance is a permanent need of the entire customer base. The areas in the bank that generate the highest number of insurance product referrals correlate with those areas of the bank that have the highest levels of customer contact – branches and their call centers.
- 100% of bank customers use insurance.
- Insurance agencies represent the customer and do not work for an insurance company.
- They typically represent a carefully selected group of financially sound & reputable insurance companies.

Overview – Insurance Agency Structure

- An insurance agency is typically staffed with:
 - Accounting
 - Administrative/Operations personnel
 - Sales team
 - Business and Personal Lines of Insurance
 - Employee Benefits
 - Claims
- Work with individuals & businesses

Overview – Insurance

- Typical Products & Services
 - Personal Insurance Services
 - Home, Auto, Boat, ATV, Snowmobile, Flood, Collectibles, Identity Theft
 - Business Insurance
 - General liability, Workers' compensation, Business Owners, Property, Business auto, Umbrella, Equipment Breakdown
 - Employee Benefits
 - Health, Dental, Short/Long Term Disability, Life, Long Term Care, Vision Care, Voluntary life & disability

How Does Working With An Insurance Agency Benefit The Customer?

Benefits may include:

Geography

Your geographic location may necessitate specific types and levels of insurance coverage. Local insurance agencies employ agents who understand your geography and can make coverage suggestions accordingly.

Individuality

In addition to your geographic location, your individual circumstances may affect the types and amounts of insurance you need. By working with an agent directly, you can explain your circumstances and find the most beneficial coverage for you, which helps protect you against inadequate insurance coverage.

Convenience

By using an insurance agency for your insurance needs, you have the opportunity to develop a personable relationship with your agent. Additionally, many insurance agencies represent more than one type of insurance, condensing your insurance coverage to a single source.




How Does Working With An Insurance Agency Benefit You?

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How Does Working With An Insurance Agency Benefit The Bank?

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*Traditional bank services are just part of the puzzle at TowneBank in Portsmouth, Va. CEO Bob Aston wants customers to see the bank as the source of everything related to their financial lives. "Our strategy is centered on multilateral financial and real estate services in order to grow wallet share, and investment services fit snugly into that," he explains. "We focus on the bank side on private and small-business banking, two areas where there's a high degree of cross-pollination.

*Even back then the idea was to turn the bank into a one-stop shop for financial services. So far it's worked. Many clients attracted by the brokerage side ended up bringing in their deposits from other banks and when they borrowed money, they borrowed from ABC. "We really have not seen a drain on deposits. In fact, we're ending up with a larger wallet share," says Greg Vetter, who became president of the bank in 2007. "I ask friends in the industry, 'What do you intend to do with clients who no longer require the credit they once did, but who still need planning? Are you going to send them to Wells Fargo or are you going to help clients you've had for many years?'"



Thank You