

# Estate and Trust Services BMO Trust Company



# BMO Trust Company

- Estate and trust services are delivered through BMO Trust Company, which was established in 1992 and is a direct subsidiary of Bank of Montreal.
- Unlike competitor banks who bought existing trust companies, BMO Trust was built from the ground up as an integral part of BMO Financial Group's strategy in the wealth management business.
- BMO Trust has over 50 Estate and Trust Professionals who are located in each of the major centres across Canada.

# Partnering with BMO Trust Company

## Advisor benefits:

- ✓ added service value to advisors and the value they bring to their clients
- ✓ opportunity to discuss client estate needs and estate preservation concepts using insurance
- ✓ referral fees which do not affect the cost of services for your client

# Estate and Trust Services

There are 3 Estate and Trust services that can add value:

- Agent for Executor (AFE)
- Corporate Executor
- Insurance Trusts

# Agent for Executor (AFE)\*

## What is it?

A professional service offered by BMO Trust Company to *help* an executor deal with the many tasks and responsibilities of administering an estate.

## Who would be interested in this service?

Individuals who have been appointed as an Executor, but don't have the time or knowledge to act in this capacity.

## How can BMO Trust Company help?

- By managing all of the administrative tasks required, from the initial review of the Will to the final distribution of assets.
- BMO Trust Company provides direct assistance, but *does not* become the Executor of the estate.

## Qualified Referrals

BMO Trust Company offers best value where there are estate assets of \$500,000 or more.

\*Where the term 'Executor' is used, it should be read to include 'Liquidator', the term used in Quebec, and 'Estate Trustee', the term used in Ontario.

# What are Estate Assets?

Estate assets are those assets that will pass through the estate.

## Include:

- ✓ All **financial assets** (bank accounts, term deposits, GICs, mutual funds, stocks and bonds, contents of safety deposit box, etc.)
- ✓ **Real Estate** held in name of the client or as tenants in common
- ✓ **Other assets** such as art collections, cars, jewellery and other personal effects
- ✓ **Life insurance, pensions, RSPs, RRIFs** and similar plans with the “**estate**” named as beneficiary (or no beneficiary named)

## Exclude:

- ✗ Any assets held **jointly with right of survivorship** (e.g. bank accounts, investment accounts, real estate, etc.).
- ✗ **Life insurance, pensions, RSPs, RRIFs** and similar plans with **named** beneficiaries.

# Duties that BMO Trust will Perform

- Locate, itemize and safeguard assets
- Provide immediate management of all assets, including investment portfolios, real estate and business interests
- Arrange for probate
- Pay all debts and legacies
- Keep accurate estate records
- Prepare and file income tax returns
- ...and much more

# AFE: Opportunity Spotting

The appointment of BMO Trust Company as Agent for Executor may be appropriate where individual has been appointed as Executor of an estate with estate assets of \$500,000 or more.

- Busy professional or elderly individual
- Little knowledge & know-how to manage Estate
- Overwhelmed by the task of multiple assets & complex assets
- Named executor lives out of town
- Difficulties with family relationships
- Several beneficiaries
- Tasks too time consuming

# AFE: Client Benefits

- ✓ Will be fully informed and involved in decisions, but will not be burdened with administration.
- ✓ As a named Executor, can collect a fee (over and above BMO Trust fee) from the estate for their involvement in the estate administration.
- ✓ Professional administration - an executor can be held personally liable if the deceased's debts are not paid before distributing the assets of the estate.

# AFE: Case Study

## The Situation

- Insurance Advisor received a call that their client just passed away in a tragic accident.
- The call was made by the deceased's only child, Jennifer, who was the beneficiary of an insurance policy that her mother had taken out.
- It was clear that Jennifer was grief stricken and was trying to deal with the financial aspects of her new reality at the same time.

## The Opportunity

- Insurance Advisor addressed the immediate issue about the insurance policy and then probed a little further.
- "I'm very sorry to hear about your loss. You sound overwhelmed with some of the administration that's required, perhaps I can help you. Have you been named as Executor in your mother's estate?"
- Jennifer explained that she was in fact the Executor and she didn't know the first thing about administering an estate, especially dealing with the house that her mother owned and the cottage property that had been in the family for over 50 years.
- Insurance Advisor explained: "We have a partnership with BMO Trust Company and they offer a specific service to ease the administrative burden at this difficult time".

# AFE: Case Study

## The Opportunity *(cont'd)*

- After further discussion, Insurance Advisor offered to email BMO Trust Company feature sheet to Jennifer to outline the services and the *In a Time of Loss* brochure to help Jennifer understand the responsibilities of being an Executor.
- Insurance Advisor followed up with Jennifer the following day, who expressed an interest in pursuing Agent for Executor Services with BMO Trust Company.

## The Result

- Knowing that the estate assets were over \$500,000 (including home and cottage property), Insurance Advisor completed BMO Trust Company referral form.
- Trust Professional met with Jennifer and successfully signed up the Agent for Executor appointment.
- As soon as probate was received, Trust Professional reported the new business.

## The Payoff...

- Insurance Advisor received a referral payment. (Advisors may visit Advisor Support for details).
- Jennifer received exceptional service at a time when she needed it most.



# Corporate Executor

## What is it?

BMO Trust Company is appointed as Executor or Co-Executor of the client's estate,.

## Who would be interested in this service?

Individuals who are drafting or redrafting their Will and want to appoint an impartial, professional Executor.

## How can BMO Trust Company help?

- A Trust professional will meet with the client for a Will planning discussion.
- Assistance with preparation of the Will.
- Safekeeping of Will.
- Administration of the estate in a timely, orderly and efficient manner (when the time comes).

## Qualified Referrals

- ✓ Minimum age 60 with over \$750,000 in estate assets, or
- ✓ Age 80 with \$600,000 in estate assets
- ✓ BMO Trust Company must be named as Executor or Co-Executor

# Executor vs. Agent for Executor

## Executor

Appointed *in the Will* to handle the estate and ensure the deceased's wishes as expressed in the Will are carried out.

## Agent for Executor

Appointed *by Executor* to assist him/her in carrying out the many duties of administering the estate.

# Corporate Executor: Opportunity Spotting

The appointment of BMO Trust Company as Executor or Co-Executor may be appropriate for an individual where the client is over age 60 with estate assets of \$750,000 or more, or where the client is over age 80, with estate assets greater than \$600,000.

- Family members do not have the time or capacity to act, or are non-residents
- Distribution in the Will is complicated or involves long-term trusts
- Need an impartial executor (family conflict or conflict of interest)
- Complex family situation (second marriages)
- Complex assets need expertise in tax, investment management, accounting and trust law

# Corporate Executor: Case Study

## The Situation

- Insurance Advisor met with a client regarding a life insurance policy.
- The client was unsure who to name as beneficiary on the policy, as he has a child with his current wife and also 3 children from a previous marriage.
- The client was contemplating naming the estate as the beneficiary.

## The Opportunity

- Insurance Advisor acknowledged the complexities of his family situation and asked if he had formally done any Will planning.
- The client indicated that since his second marriage he never revisited his Will.
- Insurance Advisor explained: “We have a partnership with BMO Trust Company and they offer professional Will planning services for clients wishing to appoint a Corporate Executor”.
- The client expressed an interest in BMO Trust Company’s services.

# Corporate Executor: Case Study

## The Result

- Knowing that the client was 70 years old and the estate assets were over \$1 million (the policy alone was \$1 million), Insurance Advisor completed BMO Trust Company referral form.
- Trust Professional met with client and successfully signed up a Corporate Executor appointment.
- As soon as the Will was signed by the client, Trust Professional reported the new business.

## The Payoff...

- Insurance Advisor received a referral payment. (Advisors may visit Advisor Support for details).
- Client was relieved to know that he had a sound estate plan in place that would protect all of his children.
- The client was surprised to have learned that his existing Will had no longer been valid after his second marriage. If it hadn't been for his Insurance Advisor, he could have died intestate (without a Will).

# Insurance Trusts

## What is it?

A trust funded by life insurance proceeds and established outside of and apart from an individual's estate.

## Who would be interested in this service?

Individuals who wish to:

- ✓ Avoid Probate Fees
- ✓ Maintain Confidentiality
- ✓ Avoid Creditors
- ✓ Provide tax savings to beneficiaries

## How can BMO Trust Company help?

- By establishing and administering a trust arrangement in which to hold the insurance policy.

## Qualified Referrals

BMO Trust Company offers best value where the trust assets are \$500,000 or more.

# Insurance Trusts: Opportunity Spotting

The appointment of BMO Trust Company as Trustee may be appropriate for an individual where trust assets are \$500,000 or more.

- Couples with young children
- Owners of large life insurance policies
- Complex family situations

# Insurance Trust: Case Study

## The Situation

- Insurance Advisor sells a client a \$500,000 term life insurance policy on his own life.
- As a husband and father, the client would like to provide for his wife (who works full time as an executive) and daughter (who is currently a minor) but is concerned about the implications of naming them as beneficiaries.

## The Opportunity

- Insurance Advisor explained that an insurance trust will enable his client to provide for his child until she at least reaches age of majority, as well as provide tax savings.
- Insurance Advisor explained that the client would have to appoint a trustee and that BMO Trust Company could act in this capacity.
- The client expressed an interest in BMO Trust Company's services.

# Insurance Trust: Case Study

## The Result

- Insurance Advisor completed BMO Trust Company referral form.
- A Trust Professional met with client and worked with them to establish a Trust Agreement, setting out the details of the trust and appointing BMO Trust Company as trustee.
- As soon as the Trust document was signed by the client, Trust Professional reported the new business.

## The Payoff...

- Insurance Advisor received a referral payment. (Advisors may visit Advisor Support for details).
- Client was pleased that his family would be taken care of and that their future tax liability would be reduced.

# Referral Process

## Referral Process:

- Advisor completes electronic BMO Financial Group Referral Form found on the Advisor site.
- Trust Professional connects with Advisor to discuss opportunity and next steps.
- Trust Professional meets with client under the banner of BMO Trust Company and will not solicit any investment management business with clients.
- If successful in securing new business, Trust Professional identifies Advisor as the referent on the new account.
- Advisor will receive referral fee for successful referrals via BMO Life Assurance commission statement.

# The BMO Insurance & Trust Services Connection: Estate Preservation Plan

- For individuals who are completing the asset accumulation phase of their lives and may have accumulated significant wealth (such as investment portfolios, RRSPs, properties and businesses)
- They would like to pass surplus assets on to their heirs
- These assets can also create a mounting tax liability: income and capital gains from most investments are taxable every year and all of these assets will ultimately be subject to a significant tax when your clients pass away.
- You can demonstrate to these clients the value that life insurance can play in preserving the value of their estate:
- The idea is simple: use life insurance to cover off the projected tax liability due when assets are passed on to your client's heirs as part of their estate.
- Run through the following checklist to determine if an Estate Preserver Plan is appropriate for their individual needs:
  - Has my client completed (or is nearing completion of) the asset accumulation phase of his/her life?
  - Does he/she qualify for life insurance?
  - Does he/she have significant assets that would be taxed at death (ex. the family cottage)?
  - Does he/she want to minimize personal income taxes on their estate?
  - Does my client want to preserve the value of these assets for his/her heirs?
  - Is my client looking for the most cost effective way of preserving the value of his/her estate?
- If your client answers "yes" to these questions, then an Estate Preserver Plan may be an ideal solution for them.
- If your client's estate is valued in excess of \$500,000 this is ideal opportunity to ask about estate & trust needs.

# The BMO Insurance & Trust Services Connection: Personal Asset Transfer Plan

- For individuals who have accumulated surplus cash flow that they would like to pass on to their heirs in the most tax effective manner.
- The idea is simple: a Personal Asset Transfer Plan allows individuals with surplus cash flow to transfer a portion of these funds into a non-taxable environment to benefit from the tax-deferred growth of a universal life policy. Then, upon death, the plan allows them to transfer these sums tax efficiently to their heirs.
- Run through the following checklist to determine if an Estate Preserver Plan is appropriate for their individual needs:
  - Have completed (or are nearing completion of) the asset accumulation phase of their lives.
  - Are age 50-80 and require permanent life insurance.
  - Are in good health and are able to qualify for life insurance.
  - Intend on making a gift to their heirs.
  - Have surplus cash flow and enough income now and in the future to meet lifestyle needs.
  - Are interested in a tax-sheltered, flexible investment to house a portion of their surplus investment portfolio.
- If your client answers “yes” to these questions, then a Personal Asset Transfer Plan may be an ideal solution for them.
- If your client’s estate is valued in excess of \$500,000 this is ideal opportunity to ask about estate & trust needs.

# Need Assistance?

Refer to [www.bmoinsurance.com/advisor](http://www.bmoinsurance.com/advisor)

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# Thank You

