

 **JOHNSON**  
FINANCIAL GROUP®



**RETIREMENT ASSOCIATION**



# Do I Need an Estate Plan?

## The Do-Nothing Plan

- No Plan = State of Wisconsin *Laws of Intestacy*
  - » May not accomplish your goals

## Traditional 'Will' Plan

- Last Will & Testament drives plan
  - » Oversight by Probate Court

## Trust Plan

- Alternative Comprehensive plan
  - » Confidential in Nature
  - » Provides for incapacity
  - » Can provide protection for beneficiaries

# Revocable vs. Irrevocable Trusts

## Revocable Living Trust

- Grantor and Beneficiary typically the same person(s)
- Ability to Change/ Amend trust provisions
- Avoids Probate at your death
- Provides for disposition of residuary estate
- Preserves confidential nature of your estate

## Irrevocable Trust

- Typically established to benefit someone else
- Provides for financial protection of assets
  - » *creditors, predators, divorce, substance abuse*
- Preserve your legacy



# Corporate Trustee vs. Individual Trustee

## Trustee Duties

- ✓ Administration Per Trust Terms
  - ✓ Custody of Trust Assets
  - ✓ Investment Management of Trust Assets
  - ✓ Trust Accounting to Beneficiaries
  - ✓ Tax Review and Reporting
  - ✓ Distribution of Assets to Beneficiaries
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- ❖ Trustee accepts personal responsibility and legal liability for the trust.

# Distribution Process

Trustee duty to administer trust pursuant to terms

## Common Distribution Standards (HEMS)

- Health (medical, dental, prescription, hospital)
- Maintenance (normal living expenses, food, clothing)
- Education (tuition, room & board, books)
- Support (beneficiary's standard of living)

## Trustee's process for Distributions

- Corporate Trustees have established process
- Requirements for the beneficiary

# Trustee Compensation

## Corporate Trustees are Expensive ?

### Typical Structure – Assets Under Management

| <u>MARKET VALUE</u> | <u>RATE (%)</u> |
|---------------------|-----------------|
| FIRST \$2,000,000   | 1.00            |
| NEXT \$2,000,000    | 0.85            |
| NEXT \$4,000,000    | 0.70            |
| ON THE BALANCE      | 0.60            |

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# Meet our Advisors

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## JEFF BUDZISZ

SVP Wealth Advisor  
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As Senior Vice President, Wealth Advisor, Jeff believes the best financial recommendations and solutions come from devoting the time up front to get a detailed view of each client's unique situation. He focuses on designing and implementing investment strategies to help high net worth individuals and families, as well as corporations, meet their goals. His consultative planning approach includes helping people manage their investments and income at every stage of their lives.



## JULIE GROSSO

Officer Wealth Fiduciary Advisor  
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As Officer, Wealth Fiduciary Advisor, Julie provides fiduciary advice and administration for current and potential clients. She aims to fully understand clients' most important wealth needs to help achieve long-term success and sustainability for every stage of life. By building personal relationships with her clients, she works collaboratively with them to help them make well-considered financial decisions.



## ED KINDSCHI

SVP Wealth Advisor  
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As Senior Vice President, Wealth Advisor, Ed believes in taking a holistic view of personal finance. His proactive approach in helping clients coordinate an aligned strategy looks at all aspects of their finances. He specializes in developing comprehensive, integrated strategies to help high net worth individuals and families meet their goals.



Banking. Wealth. Insurance. Family.

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Thank you.





# BMO Wealth Management Trust and Estate Administration Services

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**Presented to:**  
**University of Wisconsin-Madison Retirement Association**

**Presented by:**

**Park M. Drescher**  
**Regional Director – Trust, Northern States Region**

January 14, 2020

# We are a part of BMO Financial Group

Established in

**1817**

as Bank of Montreal. BMO Financial Group is a highly diversified financial services organization

Ranked

**8<sup>th</sup>**

largest bank in North America based on assets

Serves more than

**12 million**

personal, commercial, corporate and institutional clients in North America and internationally

Currently

**46,000**

employees

With

**\$620 billion**

total banking assets

And a

**11%**

Debt Capital Ratio



## BMO Wealth Management U.S.

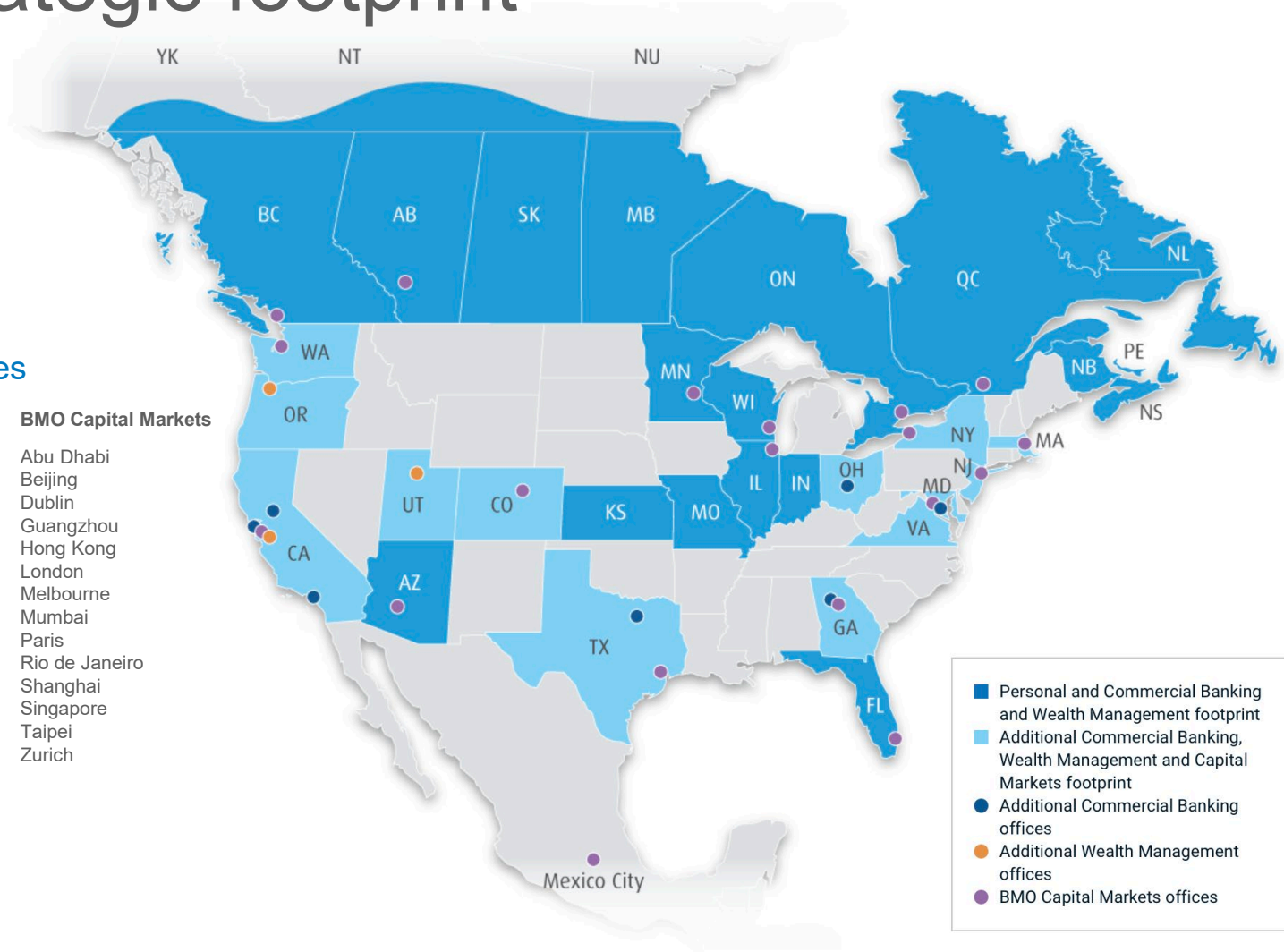
Provides personal wealth management services to individuals and families across the wealth spectrum, ranging from Mass Affluent to High Net Worth to Ultra High Net Worth.

**Assets:** \$47 billion in assets under management, \$74 billion in assets under administration.

**Employees:** 46,000 wealth professionals

**Locations:** 13 states nationwide

# Our strategic footprint



## International offices

### BMO Wealth Management

#### Europe and Middle East

Abu Dhabi  
 Amsterdam  
 Edinburgh  
 Frankfurt  
 Geneva  
 Lisbon  
 London  
 Madrid  
 Milan  
 Munich  
 Paris  
 Stockholm  
 Zurich

#### Asia-Pacific

Beijing  
 Guangzhou  
 Hong Kong  
 Shanghai  
 Singapore  
 Sydney

### BMO Capital Markets

Abu Dhabi  
 Beijing  
 Dublin  
 Guangzhou  
 Hong Kong  
 London  
 Melbourne  
 Mumbai  
 Paris  
 Rio de Janeiro  
 Shanghai  
 Singapore  
 Taipei  
 Zurich

- Personal and Commercial Banking and Wealth Management footprint
- Additional Commercial Banking, Wealth Management and Capital Markets footprint
- Additional Commercial Banking offices
- Additional Wealth Management offices
- BMO Capital Markets offices

# BMO Wealth Management Services



# Trust Basics

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# What is a Trust?

- A trust is a *private contract* between the creator(s) and Trustee(s) by which the Trustee *agrees* to own assets and execute the directions outlined in the contract to *benefit* others
  - *Flexible, customized, private*
- Trustees assume significant *legal responsibility* to *make decisions* within the guidelines and authority granted them
  - *Requires time, organization and commitment*
- Who is your Trustee?

# Why Establish a Trust?

*CONTROL*

*PRIVACY*

*PROTECTION*

*PRESERVATION*

*TAXES*

# Considerations when naming your Trustee

*Type of Trust*

*Assets*

*Practical Issues*

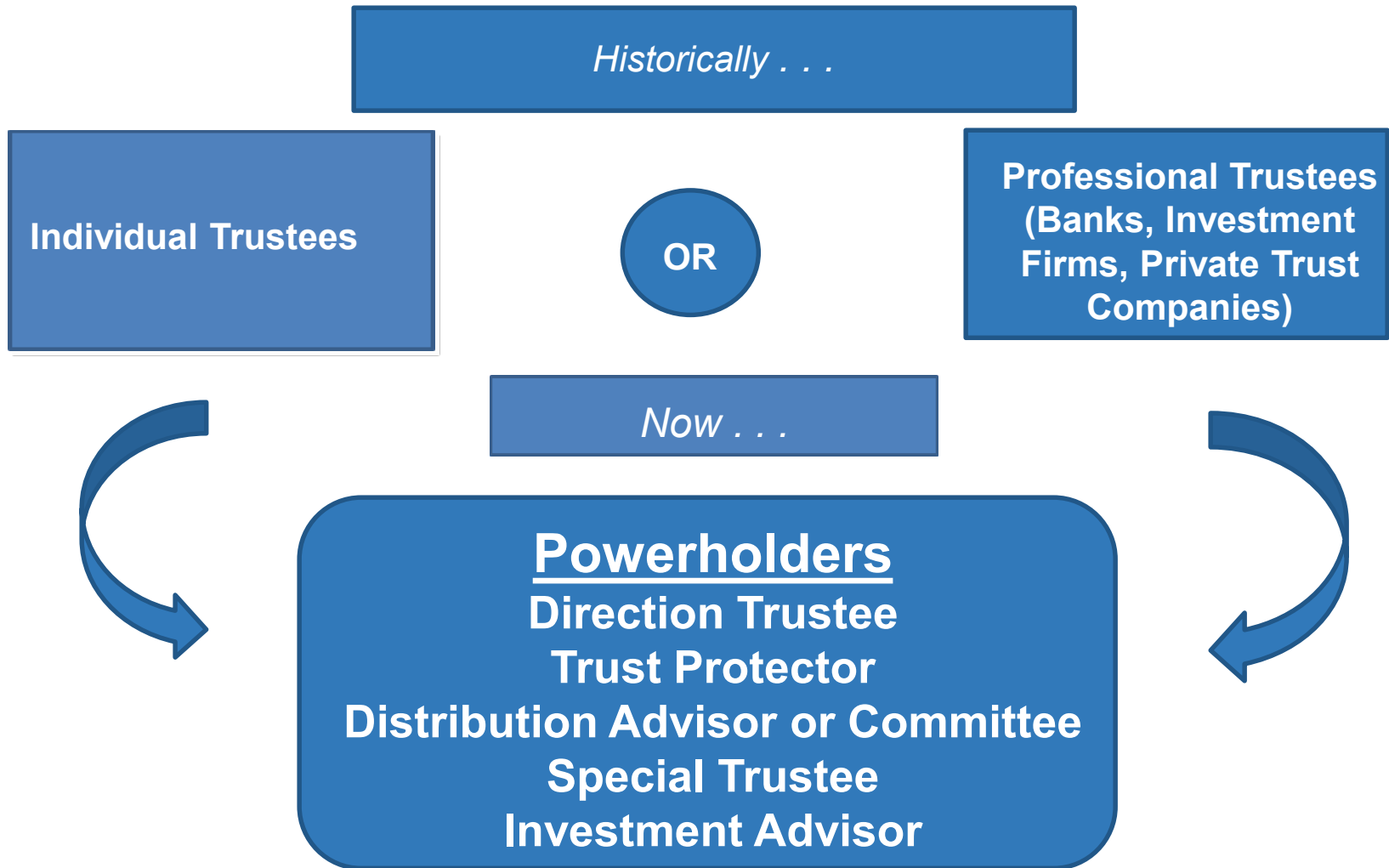
*Family Dynamics*



# Already have a trust? Now what?

- **When was it last reviewed?**
- **Family Dynamics**
- **Communication**
- **Who's on your team?**

# New tools to use when naming your Trustee



# Trust and estate services aligned with your goals

Your Trust Administrator will provide you with expert guidance and access to all the tools and resources you need to develop an effective trust and estate plan.



## Wealth management continuity services

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- Living trusts
- Family trusts



## Wealth transfer services

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- Estate Planning
- Professional estate settlement
- Executor assistance—agent for executor
- Testamentary trusts



## Philanthropic services

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- Private foundations
- Charitable trusts
- Donor advised fund



## Business owner solutions

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- Succession planning
- Escrow accounts
- Custody of assets

# The importance of the duties and role of a trustee

A trustee maintains a specialized relationship of fiduciary responsibility both to the grantor of a trust and the beneficiaries of a trust. The trustee must understand and be able to fulfill the requirements set forth in the trust instrument. Beyond the duties outlined in the trust instrument, the trustee must be mindful of applicable state and federal laws.

## Selecting a trustee

The demands on a trustee are significant and time consuming. Careful consideration should be given to whether the trustee, be it an individual or a corporate trustee, has the appropriate experience to make the legal and independent decisions required. One of those burdens includes personal liability, something a corporate trustee mitigates through experience and resources. If a grantor wants to involve a family member in decision making, there are much better avenues to consider than being named a co-trustee.

## BMO as your corporate trustee

With BMO Harris Bank N.A. serving as corporate trustee, you can be confident that you're selecting a fiduciary with over 100 years of experience. We offer the highest level of administration and investment experience to your trust, working to ensure that its mission is accomplished and that your objectives are met.

## 13 duties of your BMO corporate trustee

- Duty to administer the trust by its terms
- Duty of skill and care
- Duty to give notices
- Duty to furnish information and communicate
- Duty to account
- Duty not to delegate
- Duty of loyalty
- Duty to avoid conflicts of interest
- Duty to segregate trust property
- Duty of impartiality
- Duty to invest
- Duty to enforce and defend claims
- Duty of confidentiality

# Estate settlement services

When you appoint BMO Harris Bank N.A. as your executor, we can help ensure that the objectives and requirements of your estate plan are met precisely, efficiently and cost-effectively. Our inclusive approach to estate settlement facilitates open communication among your beneficiaries and your pertinent authorized parties and outside advisors. We tailor our services to meet your specific needs and interests.



Knowledge

+



Experience

=



Fulfillment

## Client driven

We take the time to ensure our clients understand both the process and responsibilities associated with estate settlement. Serving as executor often necessitates a major commitment of time and energy.

## Principled

As your executor, we will help make important decisions regarding taxes, investments and distributions from the estate. This may entail balancing the competing interests of multiple beneficiaries and potentially having to refuse requests by individuals who may be close friends or family members. We apply our knowledge of your family and our disciplined approach to fulfill your needs.

## Successful

A corporate fiduciary such as BMO Harris Bank N.A. can address unexpected or unique complications, and ensure continuity during a stressful and tumultuous time – pledging to carefully and appropriately manage assets throughout the settlement process in accordance with your wishes.

# Roles and responsibilities of an executor

## Locating and probating the will

Coordinate the probate proceedings with the estate's attorney. Obtain court appointment. Assist in defending the estate plan against any possible objections.

## Collecting and valuing estate assets

Inventory assets, including providing valuations as of the date of death for all assets includible in the gross estate (e.g., marketable securities, bank accounts). Locate safe deposit boxes. Arrange for appraisals of personal and real property. Manage real estate holdings until they are sold or conveyed. Evaluate closely-held business interests and special assets.

## Calculating cash requirements and tax planning

Conduct postmortem tax planning. Calculate cash requirements for all taxes, claims and legacies. Advise on the assets to be distributed in kind or used to fund trusts.

## Paying all outstanding claims and debts

Identify all creditors. Help cancel subscriptions, services and utilities when appropriate. Review and pay bills and administration expenses. Satisfy all allowable creditor claims.

## Preparing and filing an inventory and accountings

Prepare an inventory of all decedent assets in the testamentary estate and file it with the court along with any required accountings.

## Preparing and filing tax returns

Prepare and file all fiduciary income tax returns, including state and federal, gift/GST, estate tax returns (when required to do so).

## Final accounting and distribution

Prepare final court accounting. Determine plan of distribution based on the terms of the estate plan. Make distributions.

# Delaware trusts

## Offering flexibility, customization & control



### Achieve true open investment architecture

- Hire investment professionals through a Direction Investment Adviser



### Confidentiality

- Give a Trust Protector or Distribution Adviser the power to direct the Trustee within a defined time period, when and how a beneficiary will learn of a trust's existence
- Maintain your privacy by creating or moving trusts to a jurisdiction where trusts are not a matter of public record



### Control

- Create trusts in which your family or another chosen person maintains investment control
- Create a framework for family governance by giving the beneficiaries the ability to remove and appoint Trustees and advisers



### Flexibility

- Gives the Trust Protector or Distribution Adviser the ability to modify the trust to help streamline its on-going administration, address tax legislative changes, planning needs, etc.



### Tax and asset protection benefits

- Potential opportunity to mitigate income tax
- Protect and preserve assets with Delaware asset protection strategies, including asset protection trusts and Delaware's strong spendthrift provision



### Planning

- Consider using Delaware planning tools in lieu of, or as part of an overall pre-nuptial planning strategy

### Fee Information

- We offer competitive, preferred pricing assuming the trust is structured as a grantor trust for tax purposes and exclusively holds closely held assets.
- This arrangement will remain in place, subject to a material change in the trust's assets, tax reporting, administration or operational requirements.

# Questions?

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Thank you!