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## **Increasing the Value of Your Practice Through Your Partnership With Dunham Trust Company**

Do you have clients or prospects who have trusts, or who are beneficiaries of existing trusts with a corporate trustee?

Are those corporate trustees currently limiting or removing your ability to manage assets for your clients? Even if not, this is certainly a future risk for both you and your clients.

How would you like to potentially increase the value of your practice by creating a multi-generational model that provides all of the administrative advantages of using a corporate trustee yet gives you complete control over asset management or compensates you for trust referrals? Assets that **you choose to either manage for your clients or to receive 30% of the trust administration fee annually.**

Advisor Choice<sup>SM</sup>, from Dunham Trust Company, may be the multi-generational solution for you. It combines three key elements for your affluent clients seeking corporate trustees:

- ✓ Your expertise as their family's Financial Advisor
- ✓ The trust administration expertise of Dunham Trust Company
- ✓ The highly ranked trust laws and state tax advantages of Nevada

Dunham Trust Company was expressly created to work with advisors and their affluent clients. Through Advisor Choice<sup>SM</sup>, Dunham Trust Company can become your trust department, allowing you to consolidate your client's trust assets into your practice to create new revenue and increase the value of your practice.

### **What is Advisor Choice<sup>SM</sup>?**

Advisor Choice<sup>SM</sup> is a Program that allows you to partner with a trust company in your practice that will not compete with you for your client's assets. It is a way of providing multi-generational planning for your clients that allows you to not only accumulate assets, but to retain assets for generations.

Advisor Choice<sup>SM</sup> offers you, the Financial Advisor and your affluent clients, two ways to work with Dunham Trust Company.

- ✓ Advisor as Investment Advisor
- ✓ Advisor as Referrer

The following pages will offer you a compilation of frequently asked questions (FAQ) concerning Dunham Trust Company's Advisor Choice<sup>SM</sup>.



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## **Advisor Choice<sup>SM</sup> FAQ**

### **How does the Advisor as Investment Advisor option work?**

Advisor Choice<sup>SM</sup> will allow your clients to continue using their preferred Investment Advisor—YOU.

Advisor Choice<sup>SM</sup> separates the roles of trust investment management and trust administration. This enables you to focus on what you do best - managing your clients assets. You can manage these assets on your clearing platform while providing the same expertise and service that your clients have come to expect. Dunham Trust Company is hired to handle the administration of the trust while your client benefits from the highly-ranked trust laws and State tax advantages of Nevada.

### **How does the Advisor as Referrer option work?**

One of the advantages of utilizing Advisor Choice<sup>SM</sup> is in situations where you may be unable to manage the assets and Dunham Trust Company must act as Investment Trustee. In those instances, Dunham Trust Company can manage the assets as trustee and provide trust administration while you receive 30% of trust administration fees collected, paid quarterly.

In addition, if you refer a trust to Dunham Trust Company that is subject to a flat annual fee of \$5,000 or more (this is primarily the case for administrative trusts and irrevocable life insurance trusts), you will receive a one-time referral fee of \$500.00, due and payable upon collection of the first \$500.00 of fees.

### **What are the resources Dunham Trust Company has to assist you and your clients with trust planning?**

We believe one of the keys to our success is that we take the time to know your clients and their trusts personally. Central to our trust philosophy, is the fact that we strive to understand your client and their family's unique requirements, and take a highly customized approach to fulfilling the desires of the family on a personal level.

Dunham Trust Company's resources include:

- ✓ Dedicated and experienced Senior Trust Officers that work directly with you, your clients and other client advisors such as attorneys and CPAs,
- ✓ An experienced Trust and Estate Planning Attorney that can assist with trust and related planning and questions as well as work with, and provide referrals to, local Nevada counsel in order to help with any necessary document drafting,
- ✓ Regional Directors and Regional Marketing Associates available to help support the development and the marketing of trust business in your practice, and
- ✓ The belief that Nevada is one of the top trust jurisdictions in the country is due to its trust laws and favorable tax environment (no income or estate tax).



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**What types of trusts does Dunham Trust Company administer?**

Some of the trusts that Dunham Trust Company administers include:

- ✓ Nevada Asset Protection Trusts
- ✓ Charitable Trusts
- ✓ Dynasty Trusts
- ✓ Special Needs Trusts
- ✓ Incentive Trusts
- ✓ Living Trusts
- ✓ Credit Shelter Trusts
- ✓ Generation Skipping Trusts
- ✓ Crummey Trusts
- ✓ Insurance Trusts

**What are the services Dunham Trust Company provides through the Advisor as Investment Advisor option?**

Under this option, often referred to as the Directed Trust option, you, the Financial Advisor are maintained as the Investment Advisor for the Trust and the assets remain on your clearing platform in the type of investments you and your firm deem appropriate. Dunham Trust Company assumes responsibility for trust administration only.

The standard services offered by Dunham Trust Company in the Advisor as Investment Advisor option include:

- ✓ Document review and interpretation
- ✓ Strong, proactive relationships with your client's attorney and tax advisor
- ✓ Administration of both conventional financial assets and closely-held assets
- ✓ Income collection and disbursement
- ✓ Bill paying
- ✓ Tax return planning and filing assistance
- ✓ Privacy
- ✓ Direct access to your Trust Officer



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These services are provided while you and your client retain your relationships with your existing tax and legal advisors, as we do not replace their roles or responsibilities. Rather, we help to drive business to these advisors by acting as a facilitator to keep the clients, and their trust and estate planning process, moving forward.

### **What are the services Dunham Trust Company provides in the Advisor as Referrer option?**

There are situations where you will be unable to manage the assets or the assets will be illiquid. In the Advisor as Referrer option, Dunham Trust Company handles both the trust investment and administrative management. You, the Financial Advisor, will receive an annual referral fee of 30% of trust administration fees collected. Under this option, with your guidance, we would strive to understand your client's unique circumstances and take a highly personalized approach to wealth preservation and management.

The services offered in the Advisor as Referrer option would include:

- ✓ Full fiduciary responsibility for the investments
- ✓ Record keeping and easy-to-interpret statements
- ✓ Document interpretation and assistance
- ✓ Full custody, recordkeeping and reinvestment of income
- ✓ Strong, proactive relationships with your client's attorney and tax advisor
- ✓ Income collection and disbursement
- ✓ Bill paying
- ✓ Auditing and regulatory compliance
- ✓ Tax return planning and filing assistance
- ✓ Accurate and timely accounting reports
- ✓ Administration of both conventional and closely-held assets
- ✓ Privacy
- ✓ Direct access to your trust officer
- ✓ Investment management
- ✓ Online 24/7 account information for you and for your client

Again, these services are provided while you and your client retain your relationships with your tax and legal advisors as we do not replace their roles or responsibilities, but rather assist with driving business to these advisors to keep clients moving forward.



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Dunham Trust Company takes pride in knowing your clients and their trusts personally. We work with you and your client's other trusted advisors in a collaborative effort to understand each aspect of their legacy planning, from getting started, to guiding them through structuring a plan, to putting it into action to best ensure their current and future wishes are met.

**What process does Dunham Trust Company want the Financial Advisor to follow to be prepared for an initial conference call with the client or their attorney?**

We generally prefer to have a conference call with the Financial Advisor prior to any conversation with the client or their attorney. This allows us to understand the client from the vantage point of your relationship as well as understand what they are seeking to accomplish.

**What type of information does Dunham Trust Company seek for the initial conference call?**

For the initial call, a copy of the existing trust document is helpful, but at this stage not necessary. More important is an understanding of the following four questions:

**I. Primary Objectives of the Family in establishing the trust? Some examples are:**

- A. Estate planning
- B. Asset protection
- C. Special needs of a child or grandchild
- D. Charitable desires
- E. Other objectives

**II. Financial Snapshot**

- A. Net worth, including breakdown of assets into liquid and illiquid assets
- B. Income and expenses
- C. Life insurance
- D. Assets to be potentially held in the trust

**III. Understanding of Existing Planning that has been done**

- A. Existing will?
- B. Existing trusts?
- C. Powers of attorney?
- D. Asset protection planning?
- E. Anything else?



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#### IV. Family Information

- a. Special needs child or grandchild or other dependent
- b. Upcoming changes in marital or relationship status (divorce, legal separation or marriage)
- c. Issues with any of the children or grandchildren such as spendthrift or substance abuse issues.

#### **After the initial call, what support does Dunham Trust Company provide?**

Dunham Trust Company works with you through the entire process from initial fact finding through establishing the trust.

- ✓ Conference calls are arranged to help you with all aspects of the trust planning from one-on-one educational calls to calls with client's other trusted advisors such as their attorney or CPA.
- ✓ Regional Directors are available for face-to-face meetings with you or with your client
- ✓ We ensure that ongoing communication is as you desire. For example, if you wish, you may remain the central point of contact and we would keep you apprised of the progress made towards the establishment of the trust.

#### **Once the decision is made to move forward with Dunham Trust Company, what is the general flow of paperwork?**

Each trust is different, but in general, to start the process, we first need to review the documents and assets and we would need:

- ✓ A signed trust fee schedule
- ✓ If entities are involved, entity documents
- ✓ AML verification i.e. social security number, driver licenses etc.
- ✓ Contact information of all parties involved, grantor, other trustees, CPA, attorney, beneficiaries and so on.

Depending on the complexity of the assets going into the trust, other information may be needed, but those issues are determined on a case-by-case basis.

#### **Assuming the paperwork is in order and we are ready to proceed, what typically happens next?**

The trust is presented to the Dunham Trust Company's Approval Committee.





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**What is the process of asset transfer or restructuring of titled assets?**

**If Advisor as Investment Advisor option is used:**

1. Dunham Trust Company is provided copy of trust document and current asset list
2. Dunham Trust Company accepts the appointment
3. The client names Dunham Trust Company as Trustee, or Successor Trustee
4. If Dunham Trust Company is Trustee, we request resignation of current Trustee. If Dunham Trust Company is Successor Trustee, Trustee requests resignation from current Trustee
5. Dunham Trust Company establishes new account with advisor firm in the trust name with on-line access
6. Dunham Trust Company forwards instructions to current trustee (or if new trust to institution or broker holding assets) requesting transfer to the newly established account with advisor
7. Advisor firm transfers the assets

**If Advisor as Referrer option is used:**

1. Dunham Trust Company is provided copy of trust document and current asset list
2. Dunham Trust Company accepts the appointment
3. The client names Dunham Trust Company as Trustee, or Successor Trustee
4. If Dunham Trust Company is Trustee, we request resignation of current Trustee. If Dunham Trust Company is Successor Trustee, Trustee requests resignation from current Trustee.
5. Dunham Trust Company will provide a letter of instruction to the current trustee providing our transfer instructions to our custodian.

**What does a typical transition timeline look like for different arrangements with Dunham Trust Company?**

We make every effort to satisfy the desired timeline of the clients and their advisors. We have completed trusts in two days however, some may take many months due to complexities in the trust.

We will always let you know up-front if we foresee any potential issues with the timeline you and your client are seeking to satisfy.



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**Once all paperwork and documents are processed and finalized, what is the typical follow-up and service model from Dunham Trust Company to my client, their attorney and me?**

This depends on the trust, the trust assets, the client and the financial advisor. Some clients want quarterly meetings while some prefer meeting once a year.

To avoid confusion or misunderstandings, we will typically discuss the service aspect with the client and the Financial Advisor at the onset of, as well as throughout, the relationship and agree to the appropriate follow-up between the trust officer and the clients and their advisors.

**What are the Fees?**

**For Advisor as Investment Advisor option:**

When you utilize this option, as the named Investment Advisor you have sole control and authority over the investment decisions, while Dunham Trust Company assumes the role as administrative trustee. For these services, the trust administration fee starts at 60 basis points (bps) and decreases as asset value increases. Your normal investment management fee is paid by the trust. The minimum annual fee is \$5,000 .

**For the Advisor as Referrer option:**

Dunham Trust Company will act as trustee and provide standard trust services including investment management thus taking full fiduciary responsibility. Fees for trust administration will start at 1% and decrease as asset value increases. You, the Financial Advisor, will receive 30% of trust administration fees collected annually. They will be paid to you quarterly.

In addition, Dunham Trust Company will charge 50 bps for the investment management. The minimum annual fee is \$5,000 .

**What are the advantages of establishing a trust in the State of Nevada?**

- ✓ Some of the advantages of establishing a trust in the State of Nevada include:
- ✓ Nevada offers one of the best Asset Protection statutes in the U.S., as ranked by Forbes.
- ✓ Nevada has favorable state tax laws as it pertains to trust and LLCs or LPs.
- ✓ Nevada does not have a state income tax.
- ✓ Nevada does not have a state capital gains tax.
- ✓ Nevada does not have state corporate income tax .
- ✓ Nevada does not have a state franchise tax.



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- ✓ Nevada does not have state estate tax.
- ✓ For states which impose an income tax, trusts located in Nevada can defer taxation on state income tax and capital gains tax which is not distributed.
- ✓ Nevada ranks in the top three states in every major category for wealth management for trusts and more complex estate plans in the U.S. by The Trust Advisor.
- ✓ Nevada Corporations, LLCs and LPs can be structured to protect the identity of the client from peeking eyes.
- ✓ Nevada is a dynasty trust state (365 years).
- ✓ For complex estate plans involving restricted LLCs and LPs, Nevada offers a much higher ceiling for valuation discounts than the statutes of any other state.
- ✓ Nevada offers excellent privacy laws.

**When the Advisor selects the Advisors as Referrer option and Dunham Trust Company is assuming the role of Investment Advisor, describe the investment platform.**

The platform consists of a Core Fixed Income Allocation percentage and a Core Equity Allocation percentage to create a custom blend of fixed income and equity mutual funds. The Core Allocations consist of various percentages of fixed income and equity Dunham Mutual Funds in various asset classes. As program sponsor, Dunham & Associates Investment Counsel, Inc., monitors and adjusts the Core Allocations on a quarterly basis to address market conditions, performance and other factors. Accounts can be set to automatically rebalance the Core Allocation percentages back to the client's desired percentages.

Each Dunham Fund employs a third-party Sub-Advisor that is responsible for the actual security selection to achieve the investment objective. Dunham performs extensive due diligence in order to select, monitor and replace, as necessary, the Sub-Advisers (subject to approval by the Board of Trustees of the Dunham Funds). The Dunham Funds seek to offer experienced Sub-Advisers often available only at much higher thresholds – all in one fund family.



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**Does the investment platform contain both proprietary and non-proprietary investments?**

The platform will only contain Dunham proprietary funds. We feel that the advantage to the client is that they are receiving up to 11 different institutional asset managers who are all independent of each other, avoiding the potential trap of “group think.”

In addition, by using proprietary funds, they are all completely transparent to us, allowing us to monitor the managers and to feel comfortable that our stated mandate is being executed by the various managers. We would not have this type of oversight if non-proprietary funds were used.

**With regard to Dunham Trust Company’s proactive relationships with your client’s attorney and tax advisor, what is the process of “tax return planning and filing assistance”?**

Dunham Trust Company acts as a liaison between clients and their attorneys and tax advisors. With regard to tax return planning and filing assistance, we always ask the client what tax advisor they prefer to use. We can work with a client’s existing tax advisor or provide a referral when needed. We provide all necessary tax reporting needed to prepare the fiduciary trust tax returns, and we monitor the process to ensure that the tax returns are completed and filed in a timely fashion.