

TRUSTED

Banks and Trust Companies Provide Options for Trust Services in Oregon

By Tom Unger, ABC, APR, Fellow PRSA

A husband and wife were in their car earlier this year when another vehicle crashed into them, killing the husband. The wife had never managed the family's finances. She turned to an Oregon trust company for assistance.

A Southern Oregon woman suffered a cardiac event. After years of hesitation, she signed documents to create a trust while in her hospital bed, naming a bank as her trustee.

A Salem couple who owned a business both perished in an accident while on vacation. Their heirs brought in a bank to serve as trustee.

All these true stories illustrate two things:

1. It's impossible to predict what life will bring us in terms of our longevity.
2. Relying on banks and trust companies to serve as your trustee can ease a lot of problems for your heirs.

Simply put, a trust is a document drafted by the client's lawyer that instructs the trustee what to do with the client's assets when, for whatever reason, they can no longer act on their own behalf.

Often, a family member or close friend serves as the trustee. But they might not know what to do. Banks or trust companies can serve as trustee, charging a fee for their services.

Oregon is home to a few Oregon-based trust companies and local banks with trust departments. Oregon residents also have many other options from which to choose, ranging from Washington-based community banks

like Washington Trust Bank to national banks like Bank of America.

We spoke to four financial institutions that provide trust services in Oregon. This is what they told us:

Allen Trust Company

This Oregon-chartered trust company has offices in Oregon, Washington and Alaska. Unlike banks, it holds no deposits or loans. Its primary business activities are trust administration, investment management, financial planning and tax preparation.

Stuart Allen founded the company in 2000 after graduating from law school and working at a large Portland bank for five years. He got into the trust business after a friend told him, "It's the perfect intersection between law, finance and people."

Allen Trust Company is the only independent trust company based in Oregon. It has 15 employees who manage more than \$600 million in assets for clients.

The firm's typical client has \$5 million to \$10 million or more in assets, said Allen, who served as president of the national Association of Trust Organizations for four years.

When a client dies, their heirs face difficult choices in dividing the assets, which usually include real estate and investments. Allen's firm helps the family navigate those waters.

Banks and trust companies are the safest entity to choose as a trustee because they are so heavily regulated.

Allen Trust Company's clients include the woman whose husband was killed in the car crash mentioned above, as well as families needing help to plan how to distribute wealth. Navigating the complex world of taxes, investments and financial planning is its specialty.

Oregon Pacific Bank

Headquartered in Florence, Oregon Pacific Bank is one of the few Oregon-headquartered community banks that offers trust and other fiduciary services.

The bank began offering these services in 1996 after realizing many local retirees and surviving spouses needed help managing their investments.

"It felt like it was the right thing to do at the time and it still is," said President and CEO **Ron Green**. "We are often called to serve as trustee when the client has no one else. We call those 'solo agers.'"

Providing trust services is labor intensive and can include a lot of liability for a bank.

"It's not for everybody. You're managing other people's money, and you take on a lot of responsibility. I don't think a lot of banks want to take on that risk," said **Beth Knorr** of Medford, senior vice president and director of Trust Services.

Oregon Pacific Bank has 16 people on its Trust team who manage \$200 million in assets.

"The value we provide financially is definitely worth it," said Knorr. She advises customers to list the bank as a trustee as a safety net in case a family member can't or doesn't want to serve.

The bank's clients include the woman mentioned above who had the cardiac event.

The bank's Trust team got the woman settled into an assisted living facility. It sold her property and home, invested the proceeds to help pay for her care, managed her finances until she died last year, and then distributed her funds to 10 charities.

Pioneer Trust Bank

Headquartered in Salem, this company has been providing trust services since 1924. It then added banking services in 1968.

"Our philosophy is always to provide full service for the customer, and this is how we can do that," said **Bill Davis**, vice president and head of Trust Service.

Trust services are part of a client's broader investment management strategy, added **Gary Hardey**, vice president and chief investments and trust officer.

Why choose a bank to provide trust services? Because banks generally have more staff, they can assign to trust services, said Davis, who heads a 24-person team.

"Depth and experience really matter, and banks have both," he said.

Clients usually have many types of assets. Banks need to have a wide spectrum of expertise to manage them all, Davis said.

"That's a challenge for many banks. When they see how wide that spectrum is, that's a turnoff for a lot of them. And once you take it on, you better do it right. There are fiduciary responsibilities," Davis said.

"It ends up being labor intensive," said Hardey. "It takes a well-defined Trust Department to operate profitably."

The bank's clients included the business owners mentioned above. Pioneer Trust hadn't worked with the couple before they died. After the accident,

it identified all their assets, learned about their company, ran it and kept the workers employed.

"All the while, we were dealing with a grieving family. At the end of the day, we sold the business," said Davis. "We passed the assets onto the heirs. It took years, but we got it done."

U.S. Bank

U.S. Bank opened its Trust department in Oregon in 1919. "We've been in the trust business ever since," said **Ted Austin** of Portland, Private Wealth Management market leader for Oregon and secretary-treasurer of the Oregon Bankers Association.

"It's part of our overall wealth management services. It's a great way to work with families, generation to generation," said Austin. "We're able to sit down and manage their wealth not only currently but also to pass it down to future generations effectively and efficiently."

The Trust business is very relationship-based, he pointed out. Austin often works with four to five generations of a family, attending their weddings and funerals.

"You're that trusted adviser. It's very personally rewarding. That's why I've stayed in the business for so long. I've

been here 29 years and I love it," he said. "It's a passion of mine."

Austin leads a team of more than 20 professionals who serve clients in Oregon and SW Washington.

"We make a lot of house calls, sitting down across the kitchen table from people and helping them work through their wealth management needs," he said. "I describe it as a contact sport."

The bank collaborates with a client's attorney and accountant to understand their estate planning needs and determine where U.S. Bank can help, Austin said.

The bank can serve as an objective third party away from the family, he pointed out.

"That is one of the most important factors. The family can continue to be a family. A child is not thrust into the role of being a parent," said Austin, who has served as president of the local Estate Planning Council.

Peace of Mind

In conclusion, establishing a trust truly helps people take care of their families and achieve peace of mind, said Austin.

"The client knows that if something happens to me today, there is someone to see my wishes through," he said. ■



Columbia Trust Company, a wholly-owned subsidiary of Columbia Banking System, Inc., offers comprehensive trust and investment management services delivered by local professionals who believe in a culture of developing long-term customer relationships.

Pictured from Columbia Trust Company are Katie Provence, Trust Relationship Manager; Rob Howell, SVP, President and Director of Investments; Debbie Jensen VP, Trust Market Manager Oregon; and Mark Raum, SVP, Commercial Relationship Manager.