

Trust Co. of Oklahoma targets accelerated growth in consulting services

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Trust Co. of Oklahoma Senior Vice President Paul Kallenberger and Vice President Joanna Murphy in their midtown Tulsa office. (Rip Stell)

TULSA - The Trust Co. of Oklahoma has enjoyed 13-percent year-over-year growth providing consulting services to trustees.

But it thinks it can do a lot better than that.

While the Trust Co. has marketed its agency and trust services, Senior Vice President Paul E. Kallenberger said it has never actively pushed its administrative and investment services. Instead it has historically relied on word-of-mouth and attorney referrals to outside trustees.

"It's an area where we see more and more people have an interest in," Kallenberger said. "It allows people to test our services,

too. Kick the tires."

That revenue stream may surprise people who expect the Trust Co. to reserve its management strategies and expertise for trusts it actually oversees. But the Tulsa-based manager of \$2.5 billion in assets has actually provided outside trustees administrative and investment consulting services for a long time.

"It allows an individual trustee to continue to serve in their role as a trustee but take advantage of Trust Co.'s experience," Vice President Joanna E. Murphy said. "It's a nice way for an individual to stay in their role and make discretionary decisions and retain control of their trust, but not be out there on their own."

Murphy said the number of trusts far exceeds the company's existing client base. In 2010 the Internal Revenue Service received 3 million filings nationwide of Form 1041, the return form for estates and trusts. These recorded \$91 billion in income, just over a third of that in capital gains. But the number of taxable Forms 1041 declined from 661,000 in 2009 to 532,000 in 2010, potentially indicating opportunities for investment consulting.

"Most affluent families in this day and age do estate planning that utilizes trusts," Kallenberger said. "And if they have children of age and have some business experience, many times they consider it bestowing an honor on that child to name them a trustee without thinking through the complexity of naming them a trustee."

These services helps trustees cope with the performance and liability issues associated with the position, Murphy said. They also can help with internal disputes or difficult family situations.

This in turn can bring more long-term business into the Trust Co., both through resolution of individual trusts and its other revenue streams, employee benefits and agency.

"As we develop this type of business, given enough time we tend to become a successor trustee," Kallenberger said. "Named as the trustee's agent, at their death we step in."

As an agent to the trust, the consulting fees parallel Trust Co.'s revocable trust management fees: 1 percent on the first \$1 million and 0.5 percent on the balance, with a \$5,000 minimum.

The Trust Co. charges 1.2 percent on the first million if it serves as a trustee for an irrevocable trust.

"Our goal is to try and get the information on these services out," said Murphy, "and if they don't really know about it and they need those services, they will come to us."