

Trust Company of Oklahoma Offers Myriad of Services

By **K.J. WEBB**
Contributing Writer

The Trust Company of Oklahoma (TCO) is a Tulsa-based asset management firm that was founded in 1980 and has expanded far beyond the trust business during the past 28 years. Today, their business is divided fairly evenly among trusts, investment management and employee benefits administration, and they have experienced tremendous growth in retirement planning as baby boomers have started to approach retirement.

“Many people think that you must have a trust to open an account at TCO; that is not the case. We manage assets for all types of accounts, including investment management accounts, IRAs and trusts.” We’ve talked about our name and whether or not we should change it to reflect the other services we provide,” says Chartered Financial Analyst Jim Arens, senior vice president and chief investment officer of The Trust Company of Oklahoma, “but we have excellent brand recognition. Our name is very well-respected, well-recognized and established. So, we’re sticking with our name and developing ways to communicate effectively about our other services.”

Arens says that, currently, many local businesses don’t realize that The Trust Company of Oklahoma administers 401K plans for small and medium-sized companies in Oklahoma. “We need to do better at getting the word out. We’ve had a positive response from companies when they’ve found out that we offer this service. Most prefer to deal with someone local. We manage the whole process and do all of the record-keeping. Our clients appreciate the personalized service. There’s no 800 number. Our clients can make a local call and see us at a moment’s notice.”

Retirement planning is another value-added service offered by TCO over the past five years as more of their clients approach retirement age. “Something that differentiates us from our competition,” says Arens, “is that we don’t charge for our retirement planning service.” Another differentiating factor is TCO’s approach to investment management. “Unlike many of our competitors, we’re not tied to any banks or Wall Street firms. We have no conflicts of interest, we don’t make any loans

and as a result we don’t need to raise any capital. A lot of our competitors are having difficulties because the entities they are tied to are losing money,” Arens says.

TCO prefers to invest clients’ assets in individual stock and bonds. This approach allows them to customize a portfolio that meets each client’s unique goals and objectives. TCO does not use a “one size fits all” approach. TCO will use mutual funds to invest in sectors of the market that TCO does not specialize in such as international markets. TCO does not sell proprietary products such as mutual funds. As a result, they can make objective decisions and pick best-of-breed mutual funds based entirely on what is best for the client. “We’re not pressured to use one mutual fund over another,” explains Arens, “our sole interest is what is best for our clients, whether it’s 401K planning, retirement planning, investment management or trusts.”

When discussing the trust side of the business Arens explains that there are three common misconceptions about trusts. First, “many people think that you have to be very wealthy to create a trust. In fact, there’s no dollar threshold involved,” says Arens and adds, “second, there’s also the misconception that it is a very costly process, when in fact, it’s not.” TCO has relationships with local trust attorneys who charge reasonable rates and, says Arens, it’s important to look at the benefit of doing a trust versus doing a Will from a cost perspective. “You actually save money by establishing a trust because you don’t have to go through probate which can be very costly and result in significantly higher legal costs than the cost of creating a trust document. There’s also the added benefit of privacy. A trust, unlike a Will, is not a matter of public record.” Finally, Arens mentions a third misconception, “People are afraid they will lose control of their money by setting up a trust but this is not the case. Many of our clients set up a revocable trust and maintain full control over their assets.”

Once misconceptions are corrected, Arens says that people can see the major benefits of setting up a trust. “If your trust is structured appropriately, based on the current unified credit amounts, a married couple can very easily pass on \$4 million tax-free to their heirs. This can result in significant



DANIEL C. CAMERON for GTR Newspapers

DIVERSIFIED EXPERTISE: *Trust Company of Oklahoma Senior Vice President and Chief Investment Officer Jim Arens, also a chartered financial analyst, explains that his company manages assets for all types of accounts, including investment management accounts, IRAs, employee benefits administration and trusts.*

tax savings since the top federal estate tax rate is currently 45%.” Arens adds, “A second benefit of a trust is it spells out exactly how you want your estate handled over time. Most people have very strong opinions about what they want to do with their money.” Arens also emphasizes the importance of hiring a good attorney when setting up a trust. “You need to make sure to ask if the attorney specializes in estate planning.

“When establishing a trust, it’s also important to know what your goals are. For example, do you want to pass everything on to your kids, or give it all to charity, or do something unique with your assets? In any case, eventually you’ll need a trustee, either a family member or a corporate trustee.” He points out that there are significant benefits to using a corporate trustee. “TCO acts as a corporate trustee for a number of our clients. We have seen situations where sibling relationships have been damaged due to a family member serving as a trustee because emotions get involved. Maintaining objectivity is extremely important. This is a very important part of what we do for our clients.”

When asked what TCO’s biggest strength is, Arens says, “Our people and their experience are our biggest strength and differentiator. Most of our senior officers have more than twenty years of experience and came to TCO from large banks. We pride ourselves on the level of customer service that we provide to our clients. We are absolutely committed to their best interests. TCO has a solid reputation because of this.” He adds, “We are loyal to our clients and they are loyal to us. It is extremely rare for us to lose a client. You know you’re doing a good job when your clients are willing to refer their friends and family to us. This happens frequently and speaks volumes about our company and the services we provide.”

About TCO: The Trust Company of Oklahoma is one of the largest independent trust companies in the country and, as of the end of September 2008, has \$2.5 billion of assets under management with most of its clients in Oklahoma. TCO has four locations: two offices in Tulsa, and offices in Oklahoma City and Muskogee. For more information call 744-0553 or visit www.trustok.com.