

Business

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FIVE

Practices to Preserve Your Trust Program

In many ways, your trust program drives the success of your business and, if properly maintained and preserved, sustains your firm into perpetuity. Given the significant role your trust plays, all funeral directors and cemeterians should understand and adopt several practices to help preserve their futures – some that may be intimidating and overwhelming. To help get you started, five key actions exist that can help you make meaningful progress in a relatively short period of time.

No. 1: Conducting an annual investment portfolio review with your trustee.

Lucrative investment outcomes are never a given, so you want to make sure you follow a consistent and thorough process with clearly defined goals and objectives. Establishing an investment policy statement is an important step in this process, but even more important is periodically reviewing, analyzing and confirming that the results and

outcomes are in line with your organization's expectations of investment returns.

Your trustee should be accessible, focused and able to articulate and guide you through the portfolio review and planning process – which is ever-evolving, given changes within your business model/approach, changes impacting your preneed programs and the changes and timing of certain market cycles. As noted above, your trustee must

be able to communicate and explain in layman's terms strategically and tactically how they will navigate the market landscape and provide you with timely reporting that shows performance outcomes as compared with overall market outcomes.

Importantly, your trustee, in their fiduciary role, should at least annually review and disclose investment-related fees, investment manager costs and any other investment-related expenses. It is surprising how

many funeral directors and cemeterians are not familiar or completely aware of the investment cost of maintaining their trusts. There is no question that you need a trustee who understands not only the fiduciary aspects of funeral and cemetery trusts but also the critical nature that investment returns can have on those trusts – and the negative impact excessive fees can play in undermining positive financial outcomes.

No. 2: Regular and transparent communication with your trust team.

An annual review of your portfolio is extremely important for establishing or modifying your trust's objectives and expectations. However, it should not be the only time you have discussions about your trust with the professionals who manage it. The communication with your trust team – whether that be your trustee, investment adviser, attorney or recordkeeper – should be active, fluid and transparent at all times.

Consider this: since all parties that play a role in managing your trust have a fiduciary responsibility to act in the best interest of its beneficiaries, they should know if circumstances around your business' short- or long-term future have changed. That way, they have the necessary knowledge and understanding to make strategic, responsible decisions that result in favorable outcomes for your trust.

And beyond keeping your trust team abreast of business changes, you should also feel comfortable simply contacting them with questions or concerns about your trust. The more informed you are about the inner-workings and performance of your trust, the more productive and content you will be.

No. 3: Taking appropriate measures to secure your sensitive data.

We live in a digital world, where instances of cyberattacks continue to increase and our private information is constantly vulnerable. We

have all seen the global news coverage of various breaches of Facebook, Equifax, Target and so on, and we understand the consequences of them. Whether trust funds are stolen or private information is captured and auctioned to the highest bidder, you and your clients' reputations – as well as all you have invested into your business – are at major risk.

If you have never considered taking measures outside of a strong password, now is the time to start. A good place to begin is moving your business' assets to the cloud, which essentially means storing your data on a private digital network. While this approach may seem counterproductive to some, it is safer with the appropriate measures, such as using an encrypted service and always logging in on a trusted network. Plus, you will have constant access to the data, whether you are at home, in your office or on the road.

Another way to get ahead of a potential breach is by conducting regular internal audits. While often overlooked, this practice will help you identify and address key areas in your business that may be vulnerable to mischievous activity.

No. 4: Proper organization of your records.

While fourth on this list of practices, this exercise should never be underestimated. Businesses with proper recordkeeping simply operate better and are prepared for more success and growth. On the contrary, those with disorganized records struggle to get out of their own way.

Both of our companies are often asked about the biggest pitfall when it comes to records or data mismanagement. During a merger or acquisition, we have seen too often one or both of the participating entities come together with records that are certainly not prepared to be merged or absorbed. One of the firms may have an issue so significant that it puts both companies at legal risk, which then puts the merger or acquisition itself in

serious jeopardy.

The bottom line on this matter is that, as death-care professionals, the communities we serve shouldn't have to worry about one of their sensitive investments being mismanaged. Their personal trust in your ability to deliver seamlessly during a challenging time will play a role in helping preserve your business' trust in the long run.

No. 5: Investing in modern technology platforms.

The final practice is all about helping transition your business and trust program into the future. You may have heard the saying, "Once you're finished changing, you're finished." And despite death care historically being known as a traditional industry, that reputation is quickly changing, so you should consider doing the same.

Investing in new technologies will help streamline operations for both you and your hardworking team. For example, it is now possible to upload preneed contracts and their line items automatically, instead of inputting them one-by-one and risking manual error. You can also give consumers the ability to check on the status of their preneed contracts or make a payment online – no matter the time or day. As the industry moves in a direction that adheres to consumers' expectations of simplicity and transparency, it is wise to make necessary investments in the tools that will preserve your trust for years to come.

If you are feeling overwhelmed by just reading these recommended practices, don't worry. Focus on the first two steps, and then engage in regular and proactive communication with those who manage your trust, which can alleviate several concerns you have or risks you may face. Start there, determine additional areas for improvement, and you are already better than where you were yesterday. Your trust program is the backbone of your business, and if you are acting to improve and preserve it, you are heading in the right direction. •