**Merrill sees fertile ground in estate planning.**

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Merrill Lynch is getting more bullish on estate planning, and industry analysts say that could be bad news for banks.

The New York-based brokerage giant is promoting the services it offers to help people prepare financially for death.

As part of that effort, Merrill Lynch announced the results of its estate planning survey at a press conference last week.

The survey found that a quarter of the affluent Americans polled had not taken the most basic steps to plan their estates, such as preparing wills, arranging to transfer assets, or setting up trusts.

"The survey suggests that a high portion of estates will needlessly be paid to the government, rather than to the intended family beneficiaries," said Arthur Urciuoli, director of marketing for Merrill Lynch Private Client Group.

That's where Merrill Lynch comes in, of course.

The company is publicizing the findings of its survey partly to attract more business in the trust and estate planning areas.

"We are marketing to our own clients, but we are also using these capabilities to attract new clients," Mr. Urciuoli said.

Many of these clients may not use these services, or may currently be served by law firms, independent financial planners, or banks.

And Merrill Lynch is not the only company encroaching on banks' trust and private banking turf. Brokers have already cornered 10% of the trust business, according to Payment Systems Inc., a Tampa, Fla.-based research firm. Lawyers have gobbled up a third of the market.

"When you look at the trust business, it looks like it's owned by banks, but they only have 25%," said Paul J. Groncki, a vice president in Payment Systems' New York office.

While brokerage firms do not represent an immediate threat to banks, they will in the next two to three years, said David Ross Palmer, a private banking consultant based in New York.

Trust services are still a fledgling part of brokerage firms' business, Mr. Palmer said. But unless banks become more sales oriented, they are not going to be able to retain the assets they manage for affluent clients, he said.

Especially in smaller towns, bankers are complaining that brokers are "selling hard" to bank customers, Mr. Groncki added.

Smaller banks are especially vulnerable, Merrill's Mr. Urciuoli said.

"The better banks provide what we're offering," he said. However, Mr. Urciuoli pointed out that Merrill Lynch has 12,000 financial consultants nationwide who have specialists and researchers to back them up.

Mr. Urciuoli compared Merrill Lynch's financial consultants to waiters in good restaurants.

"They have to know what you want, but they don't need to know how to cook it," he said. "They rely on a whole team of specialists to prepare the salad, the veal cordon bleu, and the dessert," he said.

Smaller banks and independent financial planners don't have the resources that large brokerage firms do, said Mitchell Farkas, director of Merrill Lynch's financial planning group.

That makes it harder for them to keep up with regulatory changes and new products, he said.

In many cases, the brokerage firm may also charge lower fees for trust and estate planning services, Mr. Farkas added.

Customers often perceive that the fees banks charge for trust services are too high, Payment Systems' Mr. Groncki said.

However, banks do have ammunition to fight back.

"Banks don't explain what they deliver," Mr. Groncki said. But compared with many other financial institutions, they give customers "an awful lot."