

## Your Future Financial Health

Learn how a corporate trustee can help give you some peace of mind over your children's financial future.

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You've worked hard all your life to build your estate and take care of your family. You've created a trust, funded the trust and are most likely acting as your own trustee. The big question now is: Who do you name as the successor trustee? Most likely if it's a Revocable Trust created by a husband and wife, both will act as trustee during their joint lifetimes making decisions together. When the first spouse passes, the other spouse typically is left to act alone as trustee. Here's where the problems start. Not only is the spouse grieving from the death of their partner, but as trustee they are burdened with many more decisions and duties. Not only are they planning the funeral, but they have to get the assets appraised, split the trust, obtain a new tax identification number, close bank accounts, collect life insurance, and keep records of all activities since the death.

In a large estate there could be three or more trusts to manage that have different investment objectives and distribution requirements. If there is a business or partnership entity involved, it starts to get much more complicated. When a family member or surviving spouse acts as the sole trustee, they may not do all of the above. They don't contact their attorney because they feel it will cost them too much money. They just keep things the way they currently are. There are numerous problems with this situation, but the most critical one is funding the decedent's trust. If this trust is not funded upon the death of the first spouse, then that portion of the estate will not pass estate tax free to the remainder beneficiaries. Depending on the size of the estate and who the remainder beneficiaries are, there could be a potential lawsuit and an enormous estate tax bill once the surviving spouse dies. This becomes more complex when there are blended families and the beneficiaries of one trust are different from the beneficiaries of the other trust. Some people will name their oldest child to be trustee regardless of their skills or knowledge. Many times, these children have no idea what is required of them.

**So here are 11 reasons to consider a corporate trustee (CT):**

1. To provide professional management of assets in conjunction with trust provisions, including assistance in establishing investment objectives with respect to income and growth for each trust.
2. Record keeping and documentation of all trust activities to provide legal defenses on trust actions over the term of the trust and beyond.
3. To provide statements and notification to current and remainder beneficiaries as required by law.
4. CTs are trusted professionals who understand how to comply with the instructions of revocable and irrevocable trusts, with the expertise to expeditiously administer your short and long range wishes.
5. To ensure a smooth transition with no lag time in transferring assets or accessing funds if assets are currently under management with Successor Trustee at the time of a death.
6. A CT has a fiduciary (legal) responsibility to administer the trust for the benefit of the beneficiaries, according to the terms indicated in your trust. This alleviates criticism of individual trustees from other heirs.
7. Can help mitigate potential family conflicts when a CT acts as a neutral third party to all beneficiary requests impartially and according to the Grantor's goals, which is especially useful with blended families or trusts with unequal beneficiary distributions.
8. A CT is regulated by both state and federal agencies, and geared to follow the objectives of your trust without bias or emotional investment.
9. To manage taxes by assessing income needs and expenses while managing portfolio's short- and long-term gains, losses and loss carry forwards.
10. CTs record cost basis, acquisition dates and provide current market values.
11. For oversight and coordination of fiduciary tax returns for each trust. Many families create three or more separate trusts. When combined with personal returns, an individual trustee may be responsible for four to five tax returns a year.

These are some of the issues that Successor Trustees face. Making an informed decision now may make the difference in whether your children maintain a healthy relationship with one another after you are gone. Now that's a legacy worth considering.