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**HOW TO SELECT AND OBTAIN THE MAXIMUM
BENEFITS FROM A CORPORATE TRUSTEE**

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**HOW TO SELECT AND OBTAIN THE MAXIMUM
BENEFITS FROM A CORPORATE TRUSTEE**

A corporate trustee, such as a trust company or a bank's trust department, may provide the following valuable benefits in the administration and management of your trust:

- Corporate trustees generally will have experience, having provided such services countless times before.
- Corporate trustees can provide an investment platform for you the client – they can tailor

your investment goals to your needs and generate great returns.

- They will provide professional services and have access to other useful professionals like lawyers and accountants.
- Corporate trustees can provide excellent record-keeping services, are objective and permanent.

The best ways to get the most benefit from a Corporate Trustee are to take care in the selection process of the corporate trustee and to place checks and balances on their powers as trustee.

A. Selection Process:

Selecting the right corporate trustee is an individual process and will depend on your wants and needs, and the goals you wish to achieve in creating a trust or disposing of your property at your death.

1) Shop Around:

- (a) An obvious step in the selection process is to “shop around.” Look for the corporate trustee at the right price. Many institutions may have fixed fee schedules but may be willing to negotiate fees depending on the size and magnitude of the trust assets.
- (b) Other Institutions may unbundle their services and charge separate fees for separate services. For example, they may charge separate fees for investment management, tax services, custody services, or trust management services. Thus, you can pick and choose among which specific services you want the corporate trustee to perform based on what you are willing to pay.
- (c) Also, it is important to shop around in the sense that some institutions may elect not to serve as trustee for your trust based simply on the fair market value of your assets. The institution may require some minimum amount before they serve as trustee. Make sure to know if the institution you select in your document has such a minimum requirement.

2) Research and Investigate the Financial Institution:

- (a) A not so obvious step in the selection process is to investigate the actual services provided by the trust officers of the financial institution. A trust company will probably house an entire department of corporate trustees who are experienced and highly credentialed. Meanwhile, a bank may be

offering trust services simply as a promotional tool to draw business and generate profit. In that way, the bank is not singularly working on trusts. You may want to question its dedication to the management of your trust assets.

- (b) Further investigation of the financial institution should include a look at the professionals it employs. While a trust company is permanent and continuous, maybe it has a high turnover rate in terms of employees. Thus, you, or your spouse and children, may not be dealing with the same person from year to year in the management of your assets. Determine whether the institution is responsive. You want a responsive trust officer or professional who you can easily contact. Research whether their professionals have the requisite experience and what type of accounts they have handled in the past. Meet with the trustees and professionals on a regular basis, perhaps monthly, quarterly, or annually. Review your accounts managed by the corporate trustee from time to time with an independent third party, such as your lawyer or accountant.
- (c) Being able to meet with the trust officer or professional requires that you choose a financial institution in your geographical location. Much like you would not want to appoint an individual trustee who lives across the country, you do not want to pick a corporate trustee who is not familiar with your state's or community's laws. Consider the assets to be placed in trust. The financial institution may not be equipped to manage certain type of assets which are difficult to value, manage and administer. Some trust companies will not consider closely held business interests, certain types of annuities, subprime notes, real estate, or personal property such as artwork and collectibles. Even if the institution is willing to accept the asset, it may want to liquidate it as soon as possible and convert to another investment, or it may only be willing to act as custodian of the asset rather than manage it.
- (d) Consult your local jurisdiction as well to determine which financial institutions are authorized to provide trust services. For example, the Orphans' Court of Philadelphia publishes a list of financial institutions authorized to provide trust services.

3) Give the Financial Institution a Try-Out:

- (a) Try out the corporate trustee. If you are considering which corporate trustee to appoint as trustee of your trust estate, use the corporate trustee to manage part of your portfolio while you are alive. Waiting to have a corporate trustee appointed at death could cause confusion and uncertainty in an already difficult time. Furthermore, the trust company will be able to become familiar with you, your situation, your business interests and your family.

- (b) If the trust company does not perform as expected, then you have time to try out another one.

B. Checks and Balances on Power:

Another way to obtain the most benefit from a corporate trustee is to place checks and balances on their power and ability to manage your trust estate. Corporate trustees may not be familiar with your family situation. Moreover, a corporate trustee will probably never fully know your desires as to how you want your assets to be distributed. Make sure to establish control.

1) Give Clear Directives

- (a) In your trust document or will, make sure that you clearly state how you want your assets invested and your property distributed. Establish guidelines as to how you expect the assets to be invested.
- (b) When meeting with the financial institution, be clear on your investment goals – for example, whether you want to focus on producing income or preserving principal.
- (c) Be clear on distribution policy. Establish whether you want every beneficiary to receive equal distributions, whether you want beneficiaries to receive distributions based on their needs, or whether his/her other assets are to be considered prior to any health or welfare distributions. Be specific about which needs may be met if distributions are to be provided in a non pro rata basis. The clearer you can be with your directives, the closer the corporate trustee will be to achieving your goals.

2) Appoint Co-Trustees.

- (a) Appoint trusted family members or advisors – individuals who know you, your family, and your expectations personally. They can provide an important personal voice in the management and distributions of your assets. When you are no longer living, you will want to have someone who can speak in your place as to whether a beneficiary should receive a distribution under certain circumstances.
- (b) Give the individual co-trustees power. For example, if a disagreement arises over whether assets should be invested one way or another, or whether a distribution should be made, you may desire the individual co-trustee's decision control.

- (c) Allow the individual co-trustee(s) to have power to negotiate the fees

charged by the corporate trustee. That way, you'll have an insider in place who can control costs.

- (d) Give the individual co-trustee or the adult beneficiaries the power to remove the corporate trustee and appoint a new corporate trustee. Ultimately, if the corporate trustee is not performing its duties to par, a better one can be put in its place.

Corporate trustees can be extremely beneficial in the administration and management of your trust. In cases where the trust is complex and will require significant time and effort to oversee, a corporate trustee is a must. But do not make a blanket selection of a corporate trustee and make sure that whichever one you appoint, it follows your wishes. Make sure to obtain the most value for your money and to have your wants and needs achieved. Ultimately, it is your trust.

[Contact our office](#) for a consult with a fully qualified attorney on this or any other Estate topic.

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