

Choice of trustee

Trust-based wealth management plans are growing in popularity. According to one recent survey, more than half of families whose wealth exceeds \$5 million already employ a trust for asset management. More than a third of families whose wealth falls into the \$1 million to \$5 million range have a trust.

The success of a trust plan depends crucially upon the choice of trustee. Initially, one might be tempted to choose a family member. However, the position of trustee, like the position of executor of an estate, is not simply an honorary one. Trusteeship involves a range of duties that can be surprisingly complex, including:

- asset management;
- tax planning and compliance;
- discretionary administration;
- trust accounting; and
- fulfillment of the trust's role in a family's wealth management plan.

Few individuals, even the most talented, will be able to satisfy all these roles. The better alternative is to employ a corporate fiduciary—such as us! We have a team approach, a collection of professionals who are knowledgeable about the complete range of issues associated with sound trust management. We have experience in up and down financial cycles, as well as with a broad array of family financial circumstances. Trusteeship is our full-time job, and so our clients enjoy our full attention to their trust management.

Our skills as trustee come into play with special force when we are called upon to settle an estate. Death can be a traumatic time for a family, and difficult decisions should be avoided during a period of grieving. But many tax and financial matters will not wait. We can help.

The one positive of choosing an individual as one's trustee is that the individual may already know the family well, and may understand some of the family's underlying financial dynamics. However, this apparent advantage may be offset by the appearance of partiality if some family members become unhappy over the implementation of the plan. A trustee is required by law to be impartial, to take the interests of all trust beneficiaries into account when making trust management decisions. A corporate trustee, such as us, may be more easily able to persuade all family members that decisions are free of bias.

In some cases, both an individual and a corporate trustee will be named as co-trustees. Such an approach, if it is taken collaboratively, can provide for continuity and balance in family wealth management.