



## SELECTING A TRUSTEE FOR YOUR TRUST





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Establishing a trust can be an important step toward fulfilling your financial goals. It can also be a critical step toward establishing a sense of order in your life. There are specific material advantages to having a trust: continuity of asset management, privacy, tax savings and more. But selecting a trust is different than other financial decisions you make because it demonstrates your commitment to helping others after you are gone.

The world changes rapidly. So, too, may your beneficiaries' needs, not to mention tax laws. And while you can't control these changes — especially after you're gone — you can give your trust every advantage in terms of qualified supervision. This is accomplished through your choice of a trustee.

## THREE BASIC TRUSTEE CHOICES

With a revocable trust, you may serve as your own trustee during your lifetime, but you must name a successor trustee to act on your behalf after your death, or in your incapacity. With an irrevocable trust, you must name a trustee at the time the trust is established. And even though there may be opportunities to change your mind later, your choice of a trustee should be given serious consideration.

**When selecting a trustee, you typically have three choices:**

### **AN INDIVIDUAL**

Common wisdom holds that you can save money and maintain control by appointing a person you know — one of your children, a close friend or relative — as trustee. You can also appoint a financial advisor. Bear in mind that few individuals have the time, financial knowledge, business expertise and resources to manage your trust effectively, so appointing an individual may not be the best choice.

### **A LOCAL BANK'S TRUST DEPARTMENT**

A bank where you have your checking or savings accounts may offer professional trustee services through its trust department. While its location may be a convenient distance from your home or work, it may not be the most favorable location in terms of tax laws, investment opportunities or other regulatory restrictions. Additionally, the local bank may not offer all types of trusts or the expertise to make them work most effectively for you.

### **A DELAWARE PROFESSIONAL TRUSTEE**

You may choose to appoint a professional trustee dedicated to trust management in Delaware. The state of Delaware has cultivated trust business over decades by implementing the most favorable laws and regulations for trustees. Regardless of your state of residence, Delaware trustees are available to serve you locally and administer your trust under Delaware's liberal and venerable traditions of trust domicile.

Before deciding which of these choices is best for you, it may help to know:

- The responsibilities of a trustee by law
- The services you should expect from a trustee and their fees

## RESPONSIBILITIES OF A TRUSTEE

A trustee's main responsibility is to interpret and carry out the instructions you have specified in your trust document, impartially and without conflict of interest. This may include managing your assets and distributing trust income and principal to your beneficiaries, according to your wishes. A trustee's responsibilities also include:

- Holding trust assets in secure custody
- Accounting for trust assets and income to you (the grantor), your beneficiaries and authorities, as required by law
- Complying with tax laws and filing tax returns
- Being sensitive to the needs of beneficiaries
- Maintaining records of trust transactions
- Communicating with you (the grantor) and trust beneficiaries through statements, correspondence, in-person meetings, etc.

You should not confuse a trust with your estate — the entity formed at your death to manage your affairs. Nor should you confuse your trustee with the executor of your estate — they are separate entities. However, establishing a trust with a professional trustee can greatly simplify the management of your estate and reduce the burden on your estate's executor. This is especially significant if you choose to name one of your children, a relative or friend as your executor.

## SERVICES AND EXPENSES OF A TRUSTEE

A trustee is typically required to secure or provide a variety of services, many of which carry legal implications and consequently fees. These services include:

- Accounting
- Tax services such as filing tax returns and providing tax information
- Investment advice and management
- Custody
- Brokerage services when securities are bought and sold
- Preparation of statements

When you name one of your children, a relative or friend as your trustee (or successor trustee), you should be confident that he or she can obtain the services your trust needs to function properly. Bear in mind that there's a cost for each of these services — all payable by your trust.

The more beneficiaries your trust document specifies, or the more sophisticated your investment strategy, the greater the service demands and their costs. With no way of predicting what circumstances may arise after you're gone, there's no way to predict or control the fees. This can reduce trust assets considerably.

On the other hand, when you select a professional trustee, you are entitled to a breakdown of services and their fees. In some cases, professional trustees bundle several services into a "turnkey package" for one set fee. This approach can actually save you money and reduce the complexity for you and your beneficiaries.

## ADVANTAGES OF A DELAWARE TRUST AND PROFESSIONAL TRUSTEE

Being a small state without major manufacturing, Delaware relies on revenues generated by incorporation and trust services for its economy. As such, Delaware has created a highly favorable trust business environment, which attracts many of the largest and most experienced trust organizations in the U.S.

Establishing a Delaware trust and appointing a professional trustee has numerous benefits:

- Trustees enjoy the most flexible investment management — multiple managers and management styles may be used by Delaware trusts.
- No court filings are required, ensuring maximum privacy and simplicity.
- Transfers to a future trustee are unrestricted, giving you greater flexibility during your lifetime.
- The lifetime of the trust is unlimited — it can continue for generations.
- Delaware is one of the states which provide trusts with the greatest protection against creditor claims.

There are also advantages to having your trust supervised by a professional trustee who is not part of your local community:

- A non-local trustee's business and professional relationships will not conflict with your wishes.
- The non-local trustee is not influenced by personal knowledge or pressure in regard to individual beneficiaries. All beneficiaries are treated professionally, in accordance with your wishes.

Any Delaware professional trustee with whom you work should be represented by a local advisor who can provide the personal service you require, as well as offer a toll-free phone number where he or she can be contacted.



## THE IMPORTANCE OF CHOOSING AN APPROPRIATE TRUSTEE

Choosing the right trustee is as important as the type of trust you select, and any provisions contained therein. And since your trust is designed to perpetuate your assets, diligent execution of your wishes after your death is as important to the beneficiaries as it is to you. That's why it's so important to choose your trustee wisely.

The accompanying chart can help you select an appropriate trustee.

Knowing your wishes will be carried out just as you planned can be a very rewarding experience — both financially and emotionally.

For more information on selecting a trustee, please contact your professional financial advisor or the company providing this information: RBC Trust Company (Delaware) Limited.

Evaluation criteria	Individual	Local bank's trust department	Delaware professional trustee
Experience with trusts	Unknown	Yes	Yes
Permanent, stable entity	No May die or become incapacitated	Yes	Yes
Regulated	No	Yes Also bonded and insured	Yes Also bonded and insured
Experience with all types of trusts	No	Unknown	Generally, yes
Tax reporting and statements provided	No Paid services must be secured	Yes	Yes
Service fees	Paid to hire professionals	May be charged on a per-item basis	Often available as a single-sum package
Delaware investment expertise	Unknown	Yes, but may be limited by state law	Yes Also allows for multiple investment managers
Privacy and confidentiality	Unknown	Varies by state	Yes Some of the greatest privacy laws of all states No court filings required
Protection of trust assets from creditors	Varies by state	Varies by state	Yes, some of the greatest protection laws of all states
Trust lifetime	Varies by state	Varies by state	Unlimited
Sensitive to beneficiaries' needs	Unknown May involve personal bias	Yes, through trust officer	Yes, through local personal advisors
Co-trusteeships	Unknown	Unknown	Yes
State transfer restrictions	Varies by state	Varies by state	No



## ABOUT RBC TRUST COMPANY (DELAWARE) LIMITED

Chartered in Delaware in 1914, RBC Trust Company (Delaware) Limited offers complete personal trust and custody services through a unique strategic partnership with professional advisors across the country. We are a leader in offering Delaware trusts, a preferred wealth-building and preservation tool of America's leading families. Indeed, our investment services were founded by members of the E.I. duPont family.

For over 90 years, we've been providing professional trust services. Our parent company, Royal Bank of Canada (RBC), also has a successful history of working with professional advisors to deliver strategically sound financial planning solutions for clients. In addition to being a global leader in providing trust services, RBC has over 100 years of private banking and wealth management experience. With our cumulative experience across multiple disciplines in the wealth management industry, we have earned a reputation for trustworthiness that you can count on for many more generations to come.

To learn more about RBC: [www.rbcprivatebanking.com](http://www.rbcprivatebanking.com)

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