



Traditional Bank Trust Company vs. Directed Trustee Services

Selecting a corporate trustee to oversee the administration and management of a trust is a challenging and unique decision to make.



“The separation of roles allows the wealth advisor to do exactly what they do best...advise and work with the client to help ensure their goals and objectives are met.”

Selecting a corporate trustee to oversee the administration and management of a trust is a challenging and unique decision to make. Think about it, you are picking someone to oversee your hard-earned wealth, yet you will most likely never be able to critique the trustee’s investment performance. With that in mind, while you can give direction on your life goals, views and objectives, an advisor should be working to create a relationship with you built on trust and understanding.

Under this scenario, in the event that you should pass away or are no longer able to adequately manage your finances, prevailing thought would hope the advisor could step in as a resource to help guide the next generation. At many investment firms things rarely go this way, but with relatively recent changes in trust laws, that result is more attainable than ever before.

Historically, when a trust becomes irrevocable (i.e. the grantor is deceased, incapacitated, or the trust has been intentionally made irrevocable to move assets out of an individual’s estate), and a corporate trustee is named in the trust document, it is the corporate trustee’s fiduciary duty to administer the trust and oversee the investments contained therein.¹ Typically, regional and national bank holding companies have served as the primary corporate trustee for many trusts, allowing them to manage investments in the trust and simultaneously oversee administrative duties.¹

Administration duties can take on many forms, but generally entails reviewing distributions to be made out of the trust, producing legally required statements for all beneficiaries, preparing and filing tax returns and other assorted tasks.¹ Keeping these roles in-house can be beneficial from a consolidation approach, but there is rigidity as the bank trustee must work within a heightened regulatory framework. Often times, the “advisor” spends more time handling compliance issues or working through tax matters than they do actually servicing the trust beneficiary/client’s needs. In addition, banks are sometimes more conservative by nature and can limit the types of investments a trust will hold.

With the rise of the RIA in more recent decades, there has been an increase in independent trust companies to meet the demand for an advisor's trust clients.² While adhering to the same fiduciary standards as a typical regional or national bank, independent trust companies allow for greater flexibility for the advisor utilized to oversee investments and decision-making as it relates to the trust.³ For example, Mariner Trust, with its South Dakota charter, allows for clients to establish directed trusts where the trust company serves as the trustee. As trustee, Mariner Trust Company can ensure tax returns are filed in a timely manner and that regulatory requirements are met, while client-facing duties and investment management are left to Mariner Wealth Advisors.

The separation of roles allows the wealth advisor to do exactly what they do best...advise and work with you to help ensure your goals and objectives are met. It also eliminates any incentive for your wealth advisor to sell you on any particular insurance, loan or banking product.

While most commonly applied to a standard irrevocable living trust or irrevocable life insurance trust, Mariner Wealth Advisors' Estate Planning and Trust Services (legally Mariner Trust Company) can utilize this directed trust relationship structure for virtually any type of trust, from CRATs to QTIPs.

The end result is to better accomplish the overall intended result of estate planning, which is to ensure that wealth is transferred to future generations or charitable organizations through a more meaningful relationship between you and your wealth advisor.

While the transition of wealth from a grantor to the beneficiaries of an estate can be a time filled with emotion and confusion, having a trusted advisor present through that time of change can ease the stress of all parties involved; helping ensure your wishes for wealth transfer are carried on for future generations.

For more information visit: marinerwealthadvisors.com

Sources:

¹ ["Understanding Corporate Trustees"](#)

² ["Sitkoff Leads Drafting of Directed Trust Law"](#)

³ ["Directed Trusts"](#)

This article is limited to the dissemination of general information pertaining to Mariner Wealth Advisors' investment advisory services and general economic market conditions. The views expressed are for commentary purposes only and do not take into account any individual personal, financial, or tax considerations. As such, the information contained herein is not intended to be personal legal, investment or tax advice or a solicitation to buy or sell any security or engage in a particular investment strategy. Nothing herein should be relied upon as such, and there is no guarantee that any claims made will come to pass. Any opinions and forecasts contained herein are based on information and sources of information deemed to be reliable, but Mariner Wealth Advisors does not warrant the accuracy of the information that this opinion and forecast is based upon. You should note that the materials are provided "as is" without any express or implied warranties. Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. Past performance does not guarantee future results. Consult your financial professional before making any investment decision.

Some services listed in this piece are provided by affiliates of MWA and are subject to additional fees. Additional fees may also apply for tax planning and preparation services.

Mariner Wealth Advisors ("MWA") is an SEC registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training. MWA is in compliance with the current notice filing requirements imposed upon registered investment advisers by those states in which MWA maintains clients. MWA may only transact business in those states in which it is notice filed, or qualifies for an exemption or exclusion from notice filing requirements. Any subsequent, direct communication by MWA with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For additional information about MWA, including fees and services, please contact MWA or refer to the Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov). Please read the disclosure statement carefully before you invest or send money.