MARINER

Benefits of a Trustee

Directed Trustee vs. Corporate Trustee

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.

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.

Banks as Corporate Trustee

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.[2]

Corporate Trustee Administrative Duties

Administration duties generally involve 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.[3] 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. Oftentimes, 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.

Registered Investment Advisor as Directed Trustee

Some Registered Investment Advisors establish independent trust companies to meet the demand for a wealth advisor's trust clients. While adhering to the same fiduciary standards as a typical regional or national bank, independent trust companies may allow for greater flexibility for the advisor to oversee investments and decision-making as it relates to the trust.[4]

For example, Mariner Trust Company, 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 clientfacing duties and investment management are left to the wealth management teams at Mariner.

The separation of roles allows the wealth advisor to spend more time working with clients to establish and manage their wealth plans.

The goal is to help ensure that your wealth is transferred to future generations or charitable organizations through a more meaningful relationship between you and your wealth advisor.

1,2,3 "Seven Reasons to Have a Professional Help You Build, Manage and Protect Your Wealth"

4 "Directed Trusts"