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When Selecting a Trustee, Does Size Really Matter?

When we start working with a new client, it's often at the end of an evaluation process that involves the client's attorney fully-understanding the unique role that Sterling Trustees plays, and the value it brings not only to them--but to their clients.

Part of this evaluation is a decision that may focus on the size of the organization--more correctly the total assets under management (AUM), total company capital and whether or not the entity is publicly traded--as all are believed to be factors of stability with a perceived minimal risk.

But where does the risk really lie?

The answer -- real risk lies with the custodian, where the assets are held.

As Kevin Batterton, Managing Director, Business Development for Sterling explains, "My experience with clients is that they may choose a trustee based on size thinking their assets/legacy would be safer. When I mention assets, I'm talking about marketable securities. The reality is that an advisor-friendly trust company, such as Sterling Trustees, does not hold custody of trust assets. Trust assets are not held by the trustee, but are held by whomever the investment advisor uses to custody assets."



Kevin Batterton

Managing Director, Business Development

Investment Advisors typically custody assets with one of the larger publicly-traded firms. While well-established, larger trust firms operate with very carefully-constructed procedures that involve multiple layers of bureaucracy to accurately process each request or change to the trust. This can translate to unwanted--and unnecessary--delays for both attorney and beneficiary.

Kevin continues, "Clients receive better trust administration service from smaller, independent trust companies because they are not bogged down in bureaucracy. Smaller firms, like Sterling, are more responsive with approvals, distributions and general inquiries--which allows attorneys and their client beneficiaries to avoid negative impact."

Flexibility and fit are key ingredients to the right choice

Sterling Trustees' President, Antony Joffe, adds "Increasingly, the preference is for beneficiaries to not be locked into a trustee forever. Lawyers have become very adept at making trust documents more flexible in order to change trustees when needed--as well as change the situs of the trust to capitalize on an ideal legal and financial landscape. This enables the beneficiaries--those that are unsatisfied with the trustee service they are receiving at the time--to make a change to a trustee that is a better fit for their personal needs."


If you're actively considering changing to an independent trust administration firm for your clients, please contact us to explore how Sterling might be the "perfect size" for you.

About Sterling Trustees

Sterling Trustees is a privately held, South Dakota-chartered trust administration company. We provide independent trust administration services to high net-worth families, foundations and endowments. Our unbiased trust compliance services are focused on preserving assets for generations to come. As trustees, we never act as investment advisors. By separating these roles, we avoid conflicts of interest, maintain objectivity, and ensure asset growth for future generations. Our clients' trusts are meticulously managed by our highly experienced trust officer team, using one-on-one communication, unmatched expertise and leading-edge technology to monitor performance.

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