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Taking stock in a family's future

When appointing a trustee, grantors face many different options. They can choose an individual, like a relative, accountant or attorney. They may select an institution, such as a bank trust company or investment firm, or turn to an independent corporate trustee. Here's a snapshot of one family's experience navigating their father's legacy.

The situation

Robert Meadows started his career in pharmaceutical sales, working his way up from the bottom. By age 82, he was the patriarch of an extremely successful drug company that had gone public several years ago. When he passed away recently, his three adult children were left highly concentrated stock positions.

Initially, the heirs chose a large well-known bank to serve as trustee. Unfortunately, the bank paid little attention to portfolios – particularly the concentrated stock position that made up over 50% of the asset allocation – putting the children's holdings at risk.

The outcome

Fortunately, during a financial review, the Meadows family accountant noticed the bank's oversight and referred the children to an independent trust administrator. Independent trustees offer impartiality because they are not compensated by the trust or by sales or broker's commissions.

The trust company immediately transitioned the portfolios from the bank to a financial advisor who was highly experienced in concentrated stock positions, including hedging strategies.

Partnering with the financial advisor, the trust administrator worked with the beneficiaries, setting price targets to exit the stock over a two-year period. This strategy diversified the asset allocation further and dramatically decreased the portfolio's risk profile.

Today, the position represents less than 10% of the asset allocation, helping the family secure a stronger foothold on their assets to ensure stability for years to come.

(Actual family name has been changed for privacy.)

To learn more about charitable trusts and other estate planning strategies, [contact Antony Joffe](#) or [schedule a call](#).

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