Trusts 101:

Trusts and the benefits to investment advisors –

A growth strategy for your practice

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THE POWER OF INDEPENDENT THINKING[SM]

How to protect your practice and navigate the shift in generational attitudes

Consider the facts and see how partnering with an independent trust administration firm makes sense for your practice. Even with changing demographics there's still plenty of opportunity for investment advisors to get their fair share of the trillions of dollars that will be transferred among HNW and UHNW gennerations.

- The average advisor is 59 years old – and there aren't enough new advisors entering the business to monetize their own book when they retire.
- As artificial intelligence and ease of online trading continues to proliferate, the potential need for investment advisors is decreasing.
- As their clients age, successful advisors will find ways to deepen next gen relationships to increase the chance of continuing to manage those assets across generations. Understanding and utilizing trusts is one of the most valuable tools in their tool box.

"If a client's assets aren't in trust when the client dies, the likelihood of holding onto the assets for the next generation is a very low 20%"

$68 trillion
will change hands between generations over the next 25 years

38%
of Gen Xers ar likely to consider using a robo-advisor

51%
of millennials are likely to consider using a robo-advisor

72%
of UHNW do not have an irrevocable trust

88%
of HNW do not have a charitable trust

48%
of UHNW clients do not have a revocable trust

66% to 95%
of children fire their parents' financial advisor after they receive an inheritance

The following articles will tell you what you need to know to leverage the tremendous opportunity that lies ahead.

Trusts 101 For Investment Advisors

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TRUSTS 101 FOR INVESTMENT ADVISORS: WHAT IS A TRUST AND HOW DO TRUSTS WORK?

As baby boomers have started reaching retirement age, the next 30-40 years will see the largest ever transfer of wealth between generations. For investment advisors, this creates a huge opportunity not only to gather new assets but also make sure that you don't lose any existing clients assets.

One opportunity that investment advisors often overlook, or don't take advantage of, is discussing trusts with their clients. Trusts can be a vehicle to protect a client's assets for the next generation, while simultaneously helping an advisor protect his/her own current book of business.

Many investment advisors might not be aware that if their clients' existing assets are already in trust, the chances of that investment advisor holding onto those assets for the next generation is approximately 80%. However, if those assets are not in trust, that number drops to approximately 20%.

So, if you would like to protect your book of business, as well as help your clients protect their assets as they pass to the next generation, it is imperative that they are knowledgeable about trusts, how they work, why to use them and where to host (situs) a trust. These are just a few of the questions we will try to answer here.

What is a trust?

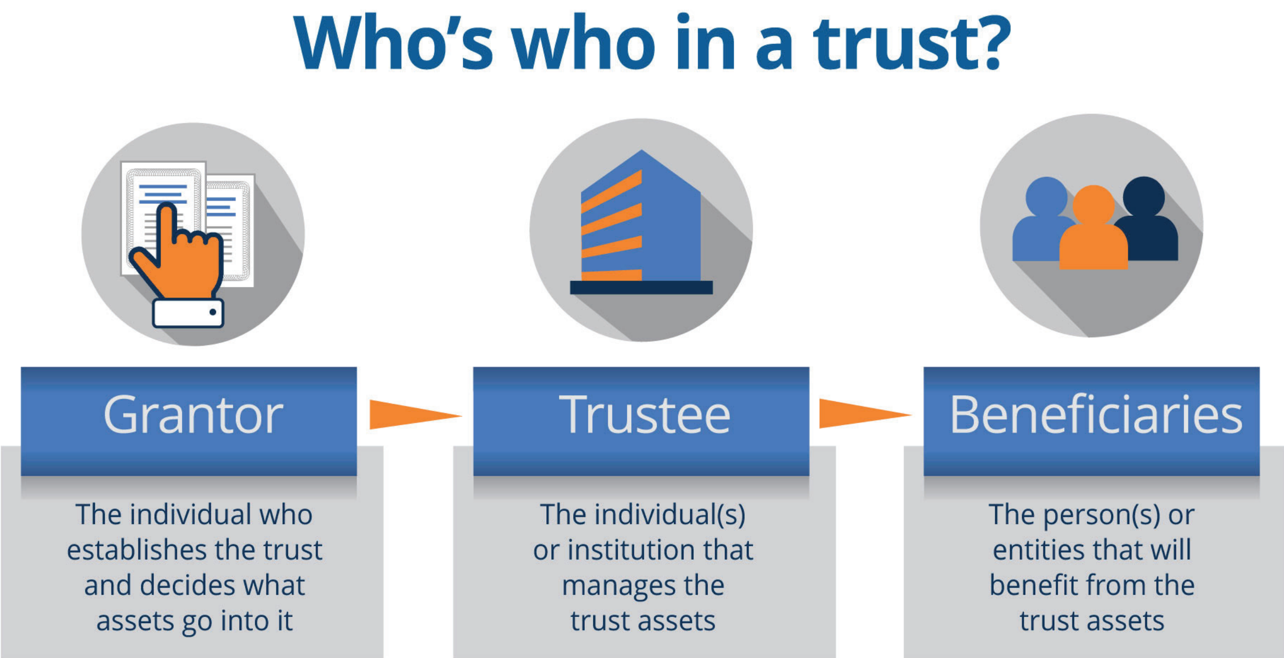
A trust is a fiduciary relationship in which one party, known as a grantor or settlor, gives another party, the trustee, the right to hold title to property or assets for the benefit of a third party, the beneficiary. Trusts are established to provide legal protection for the trustor's assets, to make sure those assets are distributed according to the wishes of the grantor/settlor. Trusts are often associated with high net worth families, although anyone wishing to protect privacy, save time, and preserve wealth through multiple generations can take advantage of a trust.

The trust document lays out the grantor's wishes regarding how trust assets are to be managed and distributed. Typically, distribution of assets is based on some sort of standard such as the health, education, maintenance, and support of the beneficiary or it could be formulaic in that, for example, the net income of the trust can be passed out each year.

What roles are involved?

The basic players in the modern arrangement are:

- **The Grantor**
  Also known as a trustor or settlor, this individual establishes the trust and determines which assets go into it.
- **The Trustee**
  An individual or institution holding and managing trust assets for the benefit of the beneficiary.
- **The Beneficiary**
  The person, people, or entities benefitting from the trust assets.



How do trusts work?

Trusts begin with an individual wishing to protect and pass on his or her assets – the grantor. The grantor appoints a trustee as trust administrator to hold the assets according to terms set out by the grantor.

The trustee holds the assets and follows the terms of the trust as set out by the grantor to ensure beneficiaries receive their due under the arrangement. Trustees also act as intermediaries between the beneficiaries and grantor to ensure assets are preserved and conflicts are resolved.

Beneficiaries gain access to the trust and assets through the appointed trustee.

Trusts can be arranged in many ways. The terms set by the grantor will dictate exactly when and how the trust assets pass on to the beneficiaries.

Categories of Trusts

Although there are many different types of trusts, each fits into one or more of the following categories:

- **Living or Testamentary**
  A living trust – also called an inter-vivos trust – is a written document in which an individual's assets are provided as a trust for the individual's use and benefit during his lifetime. These assets are transferred to his beneficiaries at the time of the individual's death. The individual has a successor trustee who is in charge of transferring the assets. A testamentary trust, also called a will trust, specifies how the assets of an individual are designated after the individual's death.

- **Revocable or Irrevocable**
  A revocable trust can be changed or terminated by the grantor during his lifetime. An irrevocable trust, as the name implies, is one the grantor cannot change once it's established, or one that becomes irrevocable upon his death.

Living trusts can be revocable or irrevocable. Testamentary trusts can only be irrevocable. An irrevocable trust is usually more desirable. The fact that it is unalterable, containing assets that have been permanently moved out of the grantor's possession, is what allows estate taxes to be minimized or avoided altogether.

Why use a trust?

Trusts can be used for many purposes other than as a tool for moving assets from one generation to another. Some of these purposes include:

- **Asset Protection**

  Provisions can be made in a trust to protect assets from creditors, reducing the risks posed by unexpected lawsuits, divorce settlements, and protecting children from gaining access until responsible enough to handle wealth-related issues, as well as other unforeseen misfortunes. South Dakota's self-settled trust statutes, for example, allows an individual to set up a trust for his or her own benefit (i.e., the grantor can also be a beneficiary) as long as an independent third party makes all the distribution decisions. If this condition is met, the assets are creditor protected.

- **Preserving Privacy**

  Trusts are private. South Dakota does not require the trust to be filed in the public record, unlike a will.

- **Avoiding Probate**

  Probate is the transfer process by which assets in a will are retitled from a deceased person to the named beneficiaries. The process can be lengthy, costly, and in the public eye. Probate can be avoided by placing assets in a trust, which administers benefits to the beneficiaries with no interruption or public scrutiny.

- **Asset Management**

  Unlike a will, a trust allows an investment advisor or trustee to manage a client's assets and achieve continuity in the management, eliminating the need to find a new investment advisor, asset manager, or custodian when the grantor passes on. Transfer to the trust is automatic, and asset management is continuous.

- **Capacity Planning**

  If the grantor or trust beneficiaries become incapacitated or disabled, trusts protect court-ordered guardianship or conservatorship of the assets. The trustee can continue administering and managing the assets according to the set terms laid out in the trust document.

- **Dependent Support**

  Trusts allow funds to be distributed to minors or adults who may be ill equipped to handle money due to age or other factors such as health issues. In such a case, the trust allows for the provision of funds to beneficiaries with special needs who might otherwise be subject to government divestment if assets were out of trust.

Where should you situs the trust?

Trust law and legislation varies widely across the United States. Each state has its own codified trust law and understanding the differences between what each state's laws are and how you can take advantage of it is key to helping your clients over the long term.

For example if you are a New York resident and want to set up a trust, the trust does not have to be guided by New York trust law. As a New York resident you can set up a trust in any state in the country to take advantage of the state's trust law.

South Dakota for instance has some of the most progressive trust laws in the U.S., such as no rule against perpetuities, no trust state income or capital gains tax, and enhanced asset protection and privacy. Importantly, it allows for directed trusts where traditional trustee duties can be bifurcated to allow the trust to be administered collaboratively by several expert advisors instead of one. The benefits of situsing trusts in this jurisdiction include:

- Allows directed trusts where trustee duties can be bifurcated to provide exceptional trust administration services. For example, investment advisors and independent corporate trustees like Sterling Trustees can be appointed to work collaboratively for the benefit of the beneficiaries.
- Superior asset protection through the various trust types allowed, including spendthrift trusts and dynasty trusts.
- No trust state income, capital gains, or generation-skipping tax
- Best privacy laws in the country
- No rule against perpetuities
- Attractive decanting, modification, and reformation statues

How do investment advisors and trust companies work together?

Collaborating with a trust administration company — well, to be fair, the right trust administration company — will not affect your client relationship or account.

The right trust administration company operates as a partner to investment advisors, focusing solely on trust administration and separating that service from offering any investment management services. This unbundling of services lets the advisor provide financial advice while the trust company independently administers the trust process, resulting in happier clients, less risk for the clients' next generation and eliminating all conflicts of interest. With this approach, investment advisors seamlessly maintain client accounts across generations by using an independent trust administration firm

Sterling Trustees is a leading example of this type of partner trust company for investment advisors. Working with Sterling's approach, investment advisors always retain complete control over their client accounts, which stays on their platform as they guide the client experience.

In addition, Sterling helps investment advisors and their clients take advantage of the benefits from South Dakota as situs, which leads to continued generational wealth through a reduction in tax and better protection of assets.

How can I learn more?

High net worth individuals and families rely on their investment advisors for solutions to preserve and protect generational wealth for years to come. Sterling Trustees is an "advisor-friendly" partner that is well positioned to support this goal and help advisors and their clients benefit from trusts, without interfering in the essential advisor-client relationship.

If you have questions about the potential of trusts for your clients, please schedule an appointment with us. We're happy to help answer questions and provide guidance on how trusts can benefit your clients, and your business.

TRUSTS 101 FOR INVESTMENT ADVISORS: TYPES OF TRUSTS EXPLAINED

Are you advising your clients on the transfer of wealth through generations via a trust?

Trusts are a powerful vehicle to ensure the continued safety of your clients' assets while adding to your book of business. However, laws and regulations around trusts are complex and differ across states. As an investment advisor, understanding the variety of trusts and different ways they can be administered will benefit your client and build loyalty for you and your firm.

South Dakota offers some of the country's most progressive trust laws, allowing you to situs trusts for your clients – leveraging advanced asset protection, perpetuity, privacy and tax laws.

As an independent South Dakota-chartered trust administration company, Sterling Trustees regularly consults with investment advisors on specific trusts that may be helpful planning tools.

Common Methods of Trust Administration

Before going into specific types of trusts, it is important to understand two commonly used trust administration methods and their fiduciary risks. Below we examine delegated trusts, also known as discretionary trusts, and directed trusts.

Delegated Trusts

The delegated trust names a trustee who delegates investment management to one or more investment advisors according to a trust document or external agreement. The trustee is then responsible for monitoring performance of each appointed investment advisor. At any time, the trustee can remove investment advisors and appoint someone else if they fail to perform.

The trustee likewise controls distribution decisions and typical administrative functions. As an added layer of protection, a delegated trust may also appoint a protector – a super fiduciary, who can hire and fire trustee at will. Some protectors have other powers, for instance, making decisions side by side with trustees regarding distributions and investments.

Delegated trust

Trust beneficiaries

Powers could include

- Make all distribution requests to trustee or protector for approval

Trust protector

Powers could include

- Hire and fire trustees
- Change situs
- Approve distributions
- Modify and reform trust
- Add or remove beneficiaries

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Powers could include

- Take ownership of assets
- Open and maintain bank accounts
- Prepare and sign tax returns
- Prepare trust statements
- Delegate asset management to 3rd party providers and monitor
- Make all distribution decisions including discretionary powers not already provided for by protector

3rd party investment advisor

Powers could include

- Invest assets per instructions and investment policy statement with trustee
- Conduct quarterly review calls with trustee and beneficiaries
- Provide trustee with account statements
- Manage custody assets

In delegated trusts, although trustee is delegating the investment management to an outside 3rd party, trustee is still at risk to ensure that 3rd party investment advisor is performing its duties correctly.

It is worth noting administrative fees for delegated trusts tend to be higher than directed trusts due to higher fiduciary risk associated with oversight of investment portfolio and distribution decisions.

Directed Trusts

The directed trust offers greater versatility and control for families while limiting risk to trustees. Here, the trustee is directed as to all distribution and investment decisions, relieving the trustee of fiduciary risk inherent in a delegated trust.

Typically, four parties are involved in this fiduciary arrangement. Along with trust administrators, three stakeholder groups may include family, friends or advisors, as chosen by the grantor (person putting money into the trust). These groups perform various functions:

- **Trust protector** – makes important decisions regarding the trust, i.e., hiring and firing trustees, changing situs, adding or eliminating beneficiaries, approving distributions and modifying or revising the trust.
- **Distribution advisor/committee** – instructs trustees on all distributions to beneficiaries, excluding those that are tax-sensitive, and presents a letter of direction to the trustees outlining how distributions are to take place. This power can rest on one person or a committee.
- **Investment advisor/committee** – appoints relevant parties responsible for managing the investment of trust assets. The advisor or committee along with the appointed investment manager then directs the administrative trustee on matters of investment and generally acts according to an Investment policy statement.

Directed trust

Trust protector

Powers could include

- Hire and fire trustees
- Change situs
- Approve distributions
- Modify and reform trust
- Add or remove beneficiaries

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Powers could include

- Take ownership of assets
- Open and maintain bank accounts
- Prepare and sign tax returns
- Prepare trust statements
- Take direction from investment committee as investment of assets
- Take direction from distribution committee for all non-tax sensitive distributions

Investment committee

Powers could include

- Direct trustee on investment of all assets held in the trust

Distribution committee

Powers could include

- Direct trustee on all distributions to be made in the trust other than tax sensitive distributions where family members might be committee members

Committees can be made up of family members, advisors, friends that are close to the family.

- **Trust administrator** – appointed by grantor or protector. The trust administrator performs administrative trustee duties, including opening and maintaining bank accounts, taking ownership of assets, preparing tax returns and taking direction from distribution and investment advisors/committees.

Choosing the Best Administration Model

Clients generally decide between a delegated or directed trust based on personal preference and family dynamics.

Some families prefer a delegated trust. All investment and distribution decisions are controlled by the trustee, who is independent and removes family dynamics and bias from administration. For others, greater direct control over assets leads to the directed trust, moving risk to the investment advisor and distribution advisor. Any trust can be managed on a delegated or directed basis, including both revocable and irrevocable trusts.

By setting up this type of trust administration in South Dakota, your clients enjoy additional benefits. For instance, South Dakota's trust-friendly and hospitable tax environment is used in combination with other factors, such as the ability to retain preferred advisors, to ensure optimal outcomes.

Different Types of Trusts

While the basic elements and structure of trusts remain consistent, different types of trusts hold distinct advantages, depending on a family's asset protection requirements. Knowing differences between trusts can help you make smarter decisions for your clients.

There are two distinctive trusts – the Self-Settled Trust and the Dynasty Trust – which provide unique benefits only available in a handful of U.S. states, including South Dakota.

Self-Settled Trusts

A self-settled trust is generally an irrevocable trust, which allows the grantor to be a trust beneficiary as long as an independent trustee is appointed to make all distribution decisions.

Self-settled trusts provide many other benefits, including building wealth outside of a grantor's taxable estate, multi-generational planning and protecting family wealth from potential future creditors. South Dakota is one of only 17 states to allow this more complex type of trust.

Self-settled trusts offer asset protection from future creditors or lawsuits. Provided the trust does not contain any ascertainable distribution standard or mandatory distribution of income or principal, it can prevent future creditors from accessing trust assets. Therefore, assets are wholly protected, provided the grantor is not subject to any creditor claims when establishing the trust. Due to its benefits, this trust appeals to those with professions that put them at high risk of lawsuits.

Another significant benefit is reducing transfer tax liability by taking advantage of the lifetime gift tax exemption. The grantor can transfer low-basis assets with high growth opportunities into this trust to minimize estate tax liability. For example, it is advantageous for an entrepreneur with founder shares in a company that has high growth opportunity. The increase in value is transferred to the trust and out of the owner's estate.

Note that law requires the grantor to appoint a trustee domiciled in the proposed trust situs state. In addition, the grantor has no control over distribution decisions made and carried out by the independent trustee.

Dynasty Trusts

A dynasty trust is a long-term trust. It is created to pass wealth from one generation to the next without incurring transfer taxes – such as estate, gift or generation-skipping transfer tax (GSTT), for as long as assets remain in the trust.

Duration is this trust's most prominent feature. In the past, trusts were only allowed to remain in place for a specified period of time. Various states have a rule against perpetuities, which dictates when trusts are to terminate. Often, the rule dictates the trust can only remain active for 21 years after the passing of the last beneficiary alive when the trust is created.

South Dakota was the first state to abolish the rule against perpetuities. As a result, properly funded trusts can last forever. Since assets remain in the trust and are not transferred from one generation to the next, the trust is never subject to generation-skipping tax. While dynasty trusts do incur tax on capital gains and income at the federal level in many states, including South Dakota, it is not subject to state income or capital gains taxes.

Additional Types of Trusts

Numerous other types of trusts exist to serve your clients' specific needs:

- **Spendthrift Trust** – established for an individual unable to curb personal spending. An independent trustee makes decisions regarding how beneficiaries use money or assets.
- **Qualified Terminable Interest Property Trust (QTIP)** – allows the grantor to leave assets for a surviving spouse and dictate how remaining assets are then distributed following the spouse's death. QTIP trusts come in handy when beneficiaries from a previous marriage exist, but the grantor dies before the spouse or partner.
- **Grantor Retained Annuity Trust (GRAT)** – the grantor can contribute assets to this trust, maintaining a right to receive the original asset value while earning the 7520 rate, also known as the AFR rate as specified by the IRS over the GRAT's set term. On expiry of the term, leftover assets (after taking appreciation and IRS-assumed return rate into account) are transferred to the grantor's beneficiaries. Through a GRAT, the grantor can potentially hand over a significant amount of wealth to the next generation at a minimal or even zero cost for gift tax.
- **Irrevocable Life Insurance Trust (ILIT)** – owns and controls a term or permanent life insurance policy (or policies) while the insured is alive. It also manages and distributes proceeds paid out upon the insured's death. Conventionally, this type of trust saves assets for specific purposes, such as to pay estate taxes, because the assets themselves are not taxable. ILITs are irrevocable living trusts that cannot be revoked.
- **Special Needs** – a type of trust that allows a physically or mentally disabled or chronically ill person to receive income without reducing their eligibility for the public assistance disability benefits provided by Social Security, Supplemental Security Income, Medicare or Medicaid.

Get Assistance with Your Trusts

Savvy investment firms have benefited from forging a solid alliance with an advisor-friendly trust administration company that understands their unique challenges.

At Sterling Trustees, we collaborate with prominent investment advisors to safeguard their business and clients' interests. Our team helps ensure that a family's legacy continues under their advisor's watchful eye while growing the investment firm's client roster as assets pass to the next generation.

TRUSTS 101 FOR INVESTMENT ADVISORS: WHY SOUTH DAKOTA IS THE TOP SITUS FOR YOUR CLIENTS' TRUSTS

When setting up a trust, situs (or location) is critical. It's essential to choose a state where both grantor and beneficiaries gain maximum value. States have different regulations and laws regarding trusts, so the situs you select will significantly impact tax efficiency, privacy and asset protection.

Many investment advisors fail to consider a trust jurisdiction that differs from a client's home jurisdiction – because they fear that it will be either overly complicated or too expensive. Here at Sterling Trustees, we help investment advisors, attorneys and client families leverage the unique benefits found in South Dakota – offering specific advantages over other states that make it a top choice among HNW and UHNW families.

Creating a South Dakota trust has far greater opportunities than other states. By partnering with an advisor-friendly trust administration company like Sterling Trustees, you can set up a trust in South Dakota for your clients, regardless of whether or not you are domiciled in the state. This can be a wise choice for your clients who want to preserve their wealth and maximize benefits…regardless of location.

A South Dakota trust offers some of the most advanced trust laws in the United States, providing grantors and beneficiaries far greater asset protection and tax efficiencies for many generations to come.

The Main Benefits of a South Dakota Trust

Creating a South Dakota trust is one of the best ways to safeguard your client's interests and assets. This progressive trust situs offers valuable benefits to grantors for greater preservation of generational wealth. Here are some of the key laws and regulations that make South Dakota trusts so appealing.

Tax Benefits

South Dakota trusts are free from all state income tax, city/local tax, intangibles taxes, dividends taxes, interest tax and corporate tax. There are also no state capital gains taxes on trusts, which can save beneficiaries a significant amount when generational wealth is passed down.

While there are many states that don't have any income or capital gains taxes, more digging must be done to identify which states are protected from enacting a state income or capital gains tax in the future. South Dakota has had no state income, personal or corporate tax since 1942, and its constitution prohibits any new taxes or increases in taxes without a voter initiative or two-thirds approval of both state legislative branches. This constitutional clarity does not exist in other no-tax states.

With many state budgets decimated by the pandemic, there are no assurances that some of these states won't be forced to implement a tax to make up for the short falls. Advisors and their clients need to consider carefully the right no-tax state to avoid significant problems in the future.

Click here and use our calculator to see how much you save in state Income and capital gains taxes with a trust in South Dakota

How to eliminate state taxes with South Dakota trusts

Unlimited Duration

South Dakota trusts can be set up to preserve generational wealth for an unlimited period. In fact, it's the first state in the country to abolish the rule against perpetuities (RAP), which dictated when trusts needed to be terminated.

Before RAP was eliminated, South Dakota was only attractive because of its tax laws. Then, in 1983, Governor Bill Janklow saw an opportunity to position South Dakota as the top jurisdiction for personal trusts and convinced legislative leaders to repeal RAP. And the rest is history.

Now your client's trust, if properly funded, can last forever, which is how the dynasty trust was created:

- **Clients can put assets into trust.**
- **Assets don't pass down from generation to generation but stay in trust.**
- **The trust is never subject to generation-skipping tax – unlike trusts subject to a rule against perpetuities.**

For HNW and UHNW families, this is a tremendous vehicle for passing assets down to future generations without any significant tax implications other than federal income tax and capital gains tax paid at the trust level.

Enhanced Creditor Protection

South Dakota trusts offer strong creditor protection over assets placed in the trust. South Dakota was the first state in the U.S. with a discretionary support statute, which defines the types of interests a beneficiary has in a trust and therefore the rights of a beneficiary's creditor. Under South Dakota law, a discretionary interest in a trust is not a property interest nor an entitlement. Additionally, limited powers of appointment and remainder interests are also not property interests – extremely advantageous from an asset protection standpoint.

Along with discretionary support statute, South Dakota is among a handful of states to offer self-settled trusts. Here, the trust's settlor can also be a discretionary beneficiary, as long as an independent trustee makes all distribution decisions. So the settlor can get strong creditor protection and also enjoy the benefits of assets he/she has given away. Keep in mind, to get this type of protection, there can be no outstanding creditor claims before setting up a self-settled trust, and the assets transferred must be in a trust for two years without any further creditor claims. Still, this waiting period is the shortest of any state, matching Nevada which is also two years.

Privacy Protection

South Dakota trusts offer two forms of privacy not achievable elsewhere in the country:

- **For any trusts made part of a lawsuit, a trustee can go to court and have a permanent seal put on the trust document, so it is never made public. While many states have similar measures, no other state offers a permanent seal.**

- **A settlor can create quiet trusts, which allows the settlor, investment advisor and trust protector to withhold information from beneficiaries, thereby protecting young beneficiaries from finding out the trust's value. In most states, a trustee has a duty to inform a beneficiary at age 18 of the existence of a trust and also to provide statements. A college-bound beneficiary who learns of the trust's existence can have his/her ambition stifled…with lifelong consequences. Trustees can manage what information is shared and available around the trust in order to protect them.**

Directed Trusts

South Dakota is one of the first states to implement directed trusts – and today, South Dakota directed trust statutes consistently rank as the nation's best. A directed trust allows the settlor, who establishes a trust with an administrative trustee, to appoint an advisor or committee that in turn directs the administrative trustee as to trust investments and/or distributions.

A directed trust provides a family and its advisors with the most flexibility and control regarding the trust's investment management as it relates to asset allocation, diversification, non-diversification and distributions. Additionally, the directed trust features a structure that involves family members and advisors and minimizes trustee fees. Very few states accommodate directed trusts.

Flexible Reformation and Modification Process

In South Dakota, the trust reformation and modification process is superior to other states and more cost-effective. Any reformations or modifications to a South Dakota trust are carried out very quickly and remain completely private. Altering or reforming a trust is much easier than it would be in a different situs, too.

Distributing assets from one trust to a new trust (or decanting) is likewise more straightforward. Decanting to a South Dakota trust offers numerous benefits, such as changing beneficial interests, removing mandatory income interest and decanting assets into a discretionary trust.

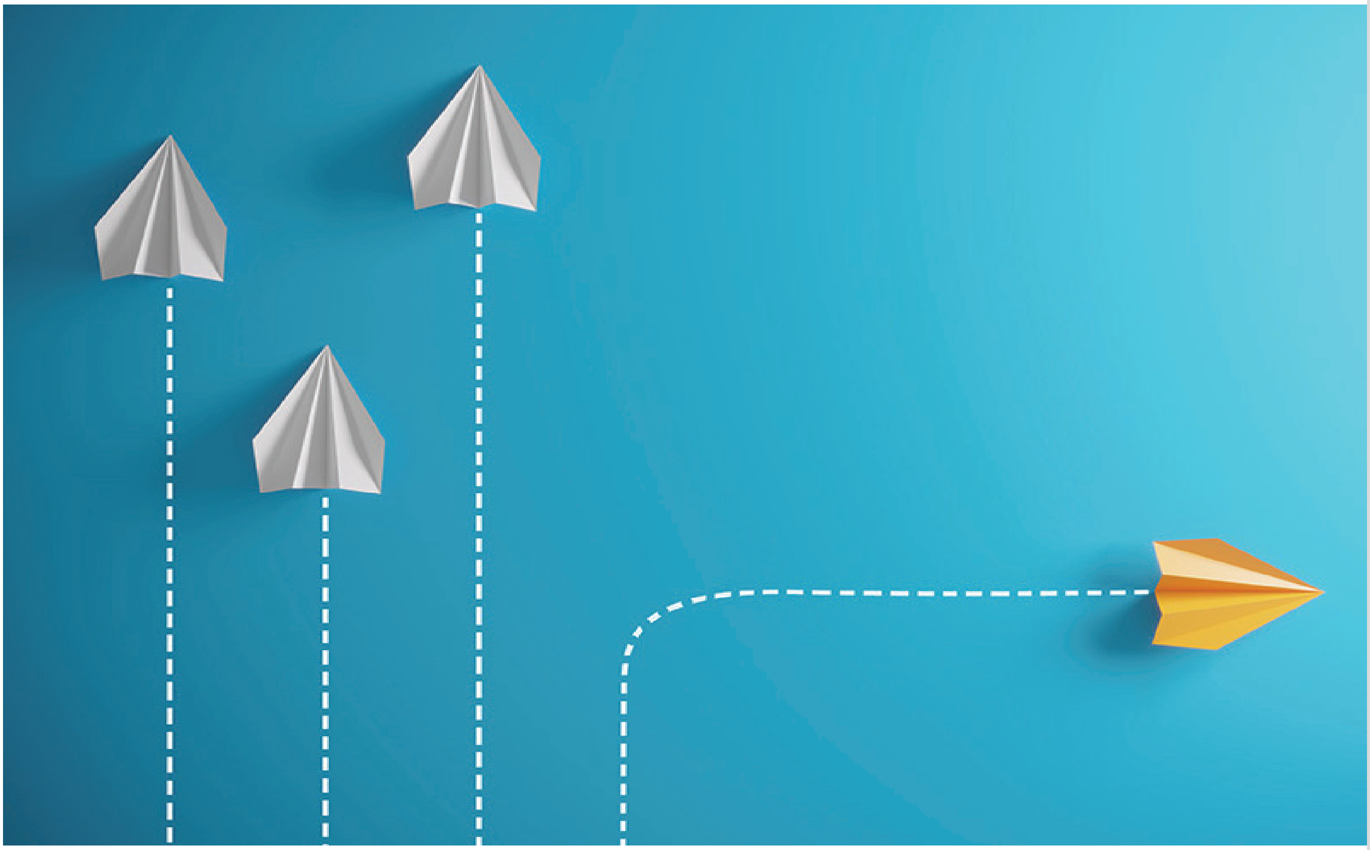
South Dakota's reformation, modification and decanting statutes make it very easy to move trusts with antiquated state trust laws or high tax states to a more modern and progressive situs. Best of all, you don't have to live in South Dakota to take advantage of its remarkable trust laws.

It's Time to Consider a South Dakota Trust

Establishing a South Dakota trust gives your clients numerous advantages and ensures long-lasting advisor relationships. Sterling Trustees offers an advisor-friendly partnership, so you can provide your clients with greater value from a wealth management perspective.

Regardless of where you or your clients are based, you can establish a trust in South Dakota. Just ask us how to design a trust model that works best for your practice.

TRUSTS 101: WHY PARTNER WITH AN INDEPENDENT CORPORATE TRUSTEE



When setting up a trust, choosing the trustee is the most important decision you can make. The trust must be maintained and administered with the same care and attention that went into creating the trust. When choosing a trustee, you have to investigate a number of different paths, including using a bank trust company, individual or family member or, lastly, an independent trust company.

Traditionally, most families choose either a big-name trust company or a large bank with its own trust department. But they often don't recognize the conflict of interest within these behemoth entities – a conflict that manifests itself in two ways. First, because the trust company acts as both a trustee and also invests the trust's assets, it's unlikely that the trustee would improve performance by firing the investment side of the house and moving those assets to a more experienced financial advisor.

The second conflict arises around distributions. Many large trust companies make beneficiaries jump through hoops to get a distribution. That's because trust companies are paid based on assets under management, and if the trustees make a distribution to a beneficiary, it may lower their fee-earning assets under management base.

Meanwhile, on the other end of the scale, a family member or friend could be named a trustee – again posing both significant conflict of interest, as well as fiduciary risk. When a family member becomes a trustee, he/she must put aside any bias or conflict when making distribution decisions. For example, in many families, the oldest sibling is commonly named as trustee. He/she now has the burden of making distribution decisions for his siblings as well as himself – usually causing additional strife that can be avoided. From a fiduciary risk perspective, many family members are not fluent with trusts, and they don't possess the legal, accounting and investment knowledge to manage the trust properly. This oftentimes leads to mistakes which ultimately results in even more family division.

Today, independent corporate trustees are exciting, new players in the trust management arena. These objective experts are chartered in the country's most progressive states, like South Dakota. An independent corporate trustee eliminates all conflicts of interest, while providing a savvy solution to fiduciary risk associated with an individual trustee.

What is an Independent Corporate Trustee?

Independent corporate trustees are generally state-chartered, non-depository trust companies. That means they never handle any investment management and act purely as a trustee. Independent corporate trustees have grown quickly, as they remove the conflict of interest and distribution bias inherent in all the large trust companies and bank trust departments. This combined with poor service and high employee turnover leads families to seek out alternative solutions, such as an independent corporate trustee. What makes independent corporate trustees so appealing is they allow a family to work with any investment advisor of its choice while at the same time reaping the benefits of a truly objective partner who makes unbiased distribution decisions. Independent corporate trustees remove bias by charging clients on a fixed fee basis. That means they make distribution decisions in the best interest of the beneficiaries vs. the bottom line of the trust company who might be reducing the principal they earn AUM fees on. Lastly, independent corporate trustees oversee trust administration and play an important role in making sure the trust is effectively handled according to a grantor's wishes.

Independent corporate trustees are highly qualified and knowledgeable. They're experienced in all legal and tax requirements, making them far more reliable than an individual trustee. Independent corporate trustees will also be insured for any potential lawsuits or losses due to negligence.

Partnering With an Independent Corporate Trustee

An independent corporate trustee offers a better and more reliable choice for trust administration. Here's why:

Extensive Knowledge and Expertise

Unlike an individual trustee, independent corporate trustees have complete professional knowledge of trust administration, from tax and accounting to legal and investment management, allowing them to manage complex trusts and deal with sensitive family wealth issues. Individual trustees may have some know-how about investment management, but most lack the legal and tax expertise needed to review annual tax returns or understand legal ramifications of trustee decisions.

Risk Mitigation

With fiduciary responsibility comes the threat of litigation. Since all independent corporate trustees are regulated by state banking authorities, they are always insured against errors and omission, financial fraud, cyber crimes and more. Individual trustees can't afford this costly coverage, so if they're ever sued for negligence, the beneficiaries are left holding the bag. Most trust companies also have various levels of oversight, such as regularly scheduled internal, external and regulatory audits. All duties of an independent corporate trustee are carried out with the highest degree of care to ensure all assets are properly protected long-term. The same cannot be guaranteed for individual trustees.

Impartiality

Independent trustees offer an unmatched level of impartiality which eliminates any conflict of interest, including outside influence or monetary motivation. For example, a bank trust company cannot objectively manage assets for which they are also trustees. In this case, any distribution made to a beneficiary will lower their base to earn asset management fees. This clear motivator influences how a bank handles a trust – especially when it comes to distributions.

Independent corporate trustees are free from any conflicting interest in managing trusts. Typically paid on a fixed fee basis, they only make decisions in the beneficiaries' best interests.

Unbiased

One major problem with individual trustees is that they maintain personal – and biased – relationships with the grantor and/or beneficiaries. An individual trustee can't act objectively when he/she makes a distribution decision, as possible conflicts of interests may arise between beneficiaries, relatives and trustee. Even if they are not paid a fee for their services, external influences can create a biased management system.

An independent trustee has no personal interest or relation to a family. An independent corporate trustee maintains professional relationships with all beneficiaries, ensuring that distribution decisions are made with full knowledge and insight.

Reliability

Nothing will prevent an independent corporate trustee from administering the trust throughout its full term. With individual trustees, events like death, illness, vacation or injury can prevent them from their administrative duties. An independent trustee's continuous oversight offers a consistent administration of the trust's term. So the trust remains in capable hands without any changes or surprises. Consistency and reliability are necessary for better peace of mind.

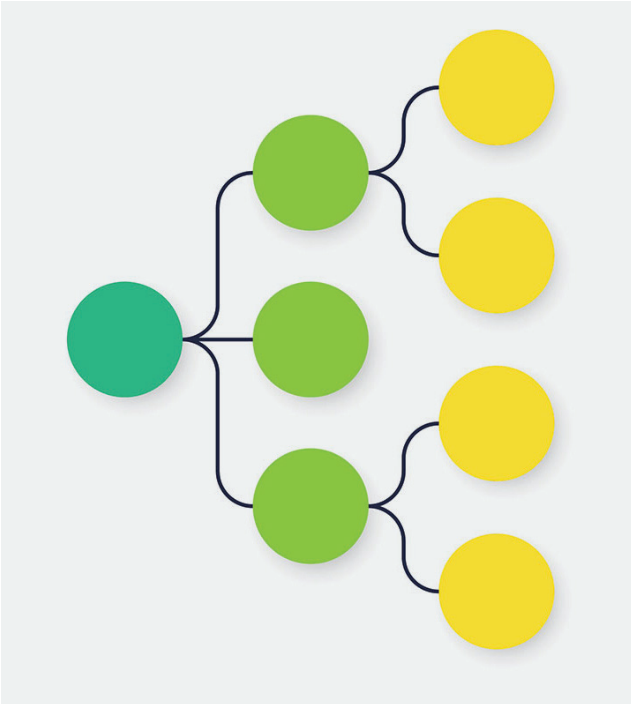
Why Sterling Trustees

At Sterling Trustees, we offer an independent corporate trustee service that doesn't manage assets. This means we can give our clients unbiased trustee services without any inherent conflict of interest. Through this approach of unbundling financial services, both trustee and advisor can collaborate to provide comprehensive wealth management without losing any control of your relationship or your fees.

By separating duties of an independent trustee, investment advisor and custodian, the risk of fraud or gross negligence disappears. Sterling Trustees ensures the trust's best interests are taken care of without any external influences.

Above all, we are a South Dakota chartered trust administration firm. South Dakota is the leading trust situs, offering a wide range of advantages. These include no state income or capital gains taxes, no rule against perpetuities and advanced asset protection and privacy. Make the right choice for the benefit of your trust and choose a South Dakota independent corporate trustee for an unparalleled advantage.

TRUSTS 101: SOUTH DAKOTA PUTS THE SPECIAL IN SPECIAL PURPOSE ENTITY



South Dakota is consistently regarded by high-net-worth individuals and their trusted advisors as the premier trust situs for multigenerational wealth planning. No state income tax, no rule against perpetuities, ultra-modern decanting and modification statutes, virtual representation, community property trusts, asset protection, and best in the nation privacy statutes are all benefits that make South Dakota trust situs second to none. A lesser known yet equally substantial advantage to a trust sitused in South Dakota is the ability to leverage South Dakota's special purpose entity statute.

A special purpose entity ("SPE") is a South Dakota LLC or corporation established for the exclusive purpose of directing the administrative trustee of a South Dakota sitused trust. The SPE houses the trust powerholders as its board of managers, creating a layer of separation between the individuals acting as powerholders, and the decisions made in their respective capacities. Decisions related to distributions, investments, and trust protector functions are made at the LLC level by the SPE, not the individual powerholder.

South Dakota was the first state in the nation to enact special purpose entity legislation and remains one of a small handful of jurisdictions that have SPE statutes on the books.

History

South Dakota's directed trust statutes are based on the premise of separating fiduciary trust powers (SDCL 55-1B). The trust protector, investment trust advisor, distribution trust advisor, or any combination thereof, are responsible for directing the administrative trustee. Because these appointments are critically important, a grantor may nominate individuals who are personally known to him/her, trusted colleagues, personal advisors or even family members. However, the decision making delegated to these individuals may bring with it unwanted risk and potential liability. Power holder decisions may be challenged by future beneficiary's or other parties to the trust. The potential for litigation can be daunting and insuring against the risk to these individuals is almost impossible as D&O and E&O coverage is rarely available to individuals.

Mitigating individual liability can be accomplished by forming a special purpose entity in tandem with a South Dakota directed trust. An SPE is organized as a South Dakota LLC or corporation that is established for the exclusive purpose of directing the administrative trustee as to the trust investments, distributions, and trust protector functions, insulating the powerholders from personal financial risk related to the decisions made in their respective fiduciary capacities.

Under South Dakota law, SPE's are granted special status, so not only is the SPE able to act as fiduciary and exercise fiduciary powers, but it is also classified as an unregulated entity and is thereby excluded from the South Dakota Division of Banking's regulatory requirements under SDCL 51-A-5-6 and 51A-6A.

Architecture

The specific elements that qualify a South Dakota SPE for special designation as an unregulated entity are articulated in SDCL 51A-6A-66. As noted previously, the SPE must be created for the specific purpose of acting as the trust protector, investment advisor, and/or distribution advisor, exclusive to all other purposes.

The trustee must be a South Dakota trust company, South Dakota bank with trust powers, or a national bank with trust powers. Conversely, the SPE itself is prohibited from engaging in trust business and cannot hold itself out as a trust company or fiduciary.

The SPE is also required to file an annual financial report agreeing to be subject to exam by the South Dakota Division of Banking at the agency's discretion. Further, the trust instrument must designate the SPE by name, and that entity name cannot contain the word "trust."

As a practical matter, the SPE's formation documents should include a recital of its exclusive purpose, the board of members and their respective duties, as well as a member succession plan.

Collateral Benefits

In addition to limiting potential liability for individuals serving in trust advisory capacities, SPE's can also provide continuity for the trust when faced with succession issues arising out of vacancy, resignation, disability, or death of individuals serving as advisors.

Many trusts are designed to endure through multiple generations, or even exist in perpetuity. Inevitably, most trusts will outlive appointed advisors, however, there is no need for disruption to trust administration; delayed distributions or foregoing time sensitive investment decisions. Creating an SPE can give the settlor and their family the piece-of-mind that only a well drafted succession plan can provide.

Within the formation documents of the special purpose entity, the springing advisors can be identified well in advance and be ready to act immediately. The SPE can exist in perpetuity and include provisions addressing trust advisor and trust protector succession for future generations, particularly beneficial when considering a dynasty trust structure.

South Dakota SPE's also serve to establish a substantial presence in the state for situs purposes. The SPE, a South Dakota entity, firmly establishes a nexus to South Dakota and all but eliminates the potential for situs challenge. This is particularly beneficial when individuals serving in advisory capacities reside in other, higher tax jurisdictions.

Conclusion

The multitude of benefits and low cost of creation make the South Dakota special purpose entity a valuable tool for multigenerational wealth-planners and family advisors. HNW client's residing in less favorable trust jurisdictions can create South Dakota trust structures that provide their assets with the most effective framework in which to grow.

TRUSTS 101: PERFECT STORM – THE LOOMING THREAT TO YOUR INVESTMENT ADVISORY PRACTICE

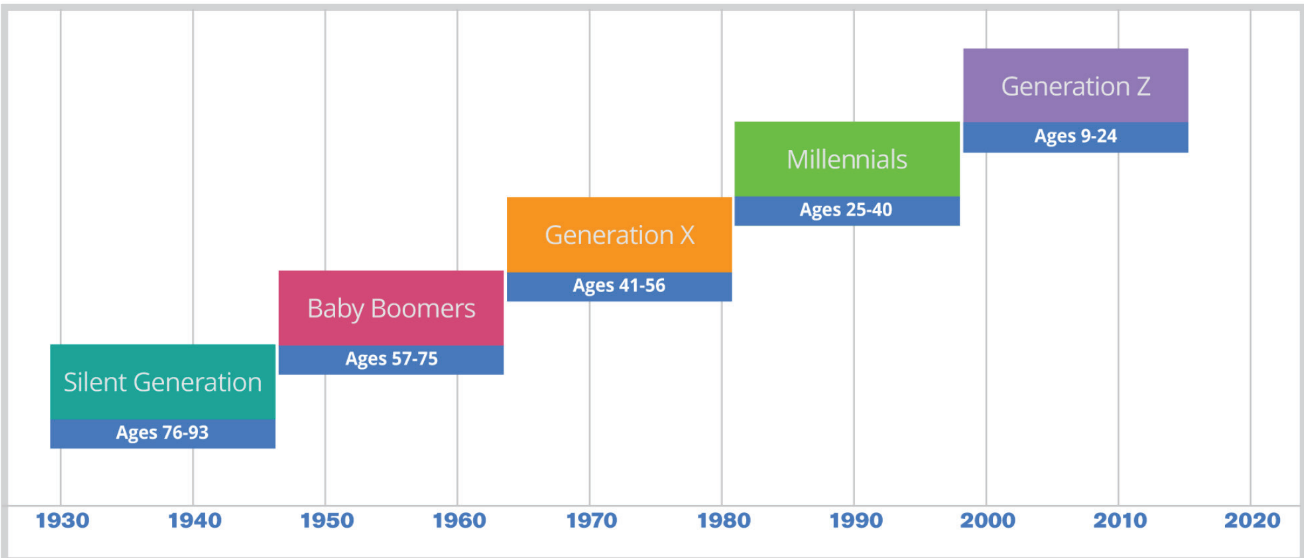
A perfect storm is a critical situation caused by a "powerful concurrence of factors."

In our view, there's a perfect storm on the horizon threatening to disrupt the way the investment community must relate to their own clients. We present three component threats below that comprise a looming threat to businesses working in this community.

Threat #1: The Great Wealth Transfer

By the end of 2020, Baby Boomers held nearly $60 trillion dollars in US wealth (approximately 53% of total US wealth), followed by Generation X with just under $29 trillion (roughly 25%) with Millennials controlling just over $5 trillion (about 5%) of US wealth.

Over the next 20-25 years, the "great wealth transfer" is expected to shift nearly $70 trillion dollars from Baby Boomers to their Generation X and Millennial heirs. What does this shift mean for your AUM?



What's the potential impact to you? Who are your clients? What portion of your assets under management are held by members of the Baby Boomer generation?

Threat #2: “Shirtsleeves to Shirtsleeves in Three Generations”

Research has shown that nearly 70% of families lose their accumulated wealth in the second generation, while 90% lose it in the third. Common misconceptions about inherited wealth include the expectation that high net worth parents discuss their wealth and provide guidance to their children about how to manage the family money, and that individuals who come from family money are financially literate.

In reality, almost 80% of HNW individuals lack confidence that the next generation is capable of responsibly handling their inheritance, and nearly 65% have disclosed almost nothing to their children about their wealth.
Perhaps more troubling is the research suggesting that when people inherit considerable wealth, 70% to 90% of them quickly fire the financial advisor on whom their benefactor relied. Does this accurately describe your clients? Can you help take an active role to address this? What connects you to your clients, and their heirs, moving forward?

Threat #3: The Millennial Paradigm Shift

Millennials have had access to an array of technology tools since birth, so it is not surprising that they are inclined to rely on these tools to meet their needs, including their wealth management needs. Apps and social media are replacing quarterly reports and in-person engagement with financial advisors. News stories have noted for years that nearly 75% of Millennials would prefer to text, rather than talk with other people.

A CNBC story focused on generational views about financial advice, investing, and retirement, indicated that Millennials are twice as likely as the younger members of the Baby Boomer cohort to consider using a robo-advisor for investment needs. Nearly 60% of Millennials believe that financial advisors are motivated by the desire to make money for themselves and their employers, rather than their clients.

Many businesses working with investors are looking closely at their current technologies and how well-positioned they are to support this emerging trend. Do you have the tools that you need to engage with,and retain, the next generation?

What Can You Do Now to “Weather the Storm”?

The preservation of your current AUM, and a connection to the heirs of your high net worth clients cannot be assumed. Complacency is not your friend. How much of your business is at risk in the next five years? Ten years?

One easily attainable approach to helping protect your clients’ wealth, and “lock” in your AUM with a long-term strategy is through the use of trusts.

How do trusts help to manage the risk?

Trusts offer control, flexibility, and protection for assets, and the preservation of AUM. Recognized benefits include safeguarding of assets from bankruptcy, business decline, and civil litigation.

Trusts also offer the opportunity to direct how and when assets are invested and disbursed, preserving them even if beneficiaries are young, inexperienced, or lack the ability or interest to manage increased wealth. With the use of directed trusts, you as the advisor can actually be written into the trust document as the investment advisor going forward ensuring your position even after your client has passed away. As changing definitions of family and relationships become increasingly more widespread, a trust provides the ability to select beneficiaries that, unlike a will, is not readily subject to challenge. Still other advantages include privacy and tax benefits.

The best way to leverage the advantages of trusts is to work with a knowledgeable partner who is both experienced at managing the trust details as well as independent from investment strategy guidance -- a very important point.

An experienced independent corporate trustee is neutral and objective. Not motivated by commissions or outside influences, these trustees avoid any conflict of interest in the handling of assets and distributions. Independent corporate trustees understand the relevant legal requirements and tax implications, and have experience dealing with any issues that may arise.

Trusts offer investment advisors the ability to both protect your existing business (AUM) as well as help grow your business.

For example, industry experience shows that you have an 80% chance of retaining the AUM of a deceased client if the assets are in a trust, and only a 20% chance of retaining the AUM if the assets are not in a trust.

In our next post, we'll take a closer look at how trusts can help you protect your AUM.

TRUSTS 101: SHELTER FROM THE STORM – HOW TRUSTS HELP PROTECT INVESTMENT ADVISOR BUSINESSES AND THEIR CLIENTS' ASSETS

In recent years, RIAs have been the "fastest-growing category" in the wealth management market of the United States. A 2020 report of the Investment Advisor Association and the National Regulatory Services found that 14,000 RIAs were managing assets for more than 60 million clients with a total value of $110 trillion. Nearly 88% of the RIA firms are small businesses (with 50 or fewer employees).

Given the prevalence of small RIAs, most advisors are best served by creating an effective and reliable ecosystem around their business to protect client wealth. This also protects RIAs, increasing and preserving AUM. Since half of all assets in the RIA channel are handled by advisors older than 55, maximizing the value of the advisors book of business upon retirement is a pressing concern.

Industry experience suggests that RIAs have an 80% chance of retaining the AUM of a deceased client if the assets are in a trust, and only a 20% chance of retaining the AUM if the assets are not. If you haven't done so yet, you may want to take a closer look at how trusts can help protect your AUM.

Below, we'll highlight some of the key benefits of trusts in two parts. First, we'll focus on the benefits of trusts for your own clients, then, we'll turn our attention to the benefits for your own future.

3 Benefits of Trusts for Your Clients

If you are not familiar with the benefits of trusts, it may help to start by thinking of them as a "safe deposit box" for your clients' assets. By this we mean that using a trust locks assets away, safely and privately, shielding them from intrusive scrutiny and the many threats they would otherwise face.

This protection for client assets also protects and stabilizes your current book of business and your company's valuation. Let's move beyond the imperfect safe deposit box analogy to identify 3 ways in which the power and versatility of trusts protects client assets.

1. **CONTROL**

   Trusts offer control, allowing grantors to manage and direct the allocation and disbursement of assets; potentially reduce the tax burden on assets; and protect beneficiaries from creditors, financial inexperience, immaturity, or litigation, and can shield and support beneficiaries with special needs.

2. **FLEXIBILITY**

   Trusts offer flexibility, allowing grantors to pursue their objectives with regard to charitable giving or their specific vision for the future use or distribution of their accumulated assets; maintain and manage unique, non-liquid assets like art or real estate; and hold insurance policies and their proceeds for distribution according to the wishes of the grantor.

3. **PRIVACY**

   Trusts offer privacy, and the opportunity to avoid probate and the resulting delay in asset distribution after the death of the grantor; engage in private planning for business succession; and select beneficiaries without being limited by traditional definitions of family or relationships and make arrangements that - unlike probate - are not readily subject to challenge.

There are different types of trusts, each with its own benefits. The type best suited to each client depends on their specific circumstances. Even a brief review reveals that trusts offer distinct advantages for a significant number of your own clients. Now, let's look at some of the key benefits that trusts offer you.

3 Benefits of Trusts for Investment Advisors

How do the varied protections that trusts provide to your clients also advance and provide stability for your AUM and your company's valuation?

Access, Stickiness, Support

1. **ACCESS**

   Trusts allow RIAs access to generations beyond the grantor providing an opportunity over the life of the trust to engage and interact with the next-generation beneficiaries; facilitating the building of relationships with the beneficiaries; and increasing your chances of retaining the business moving forward. With the use of directed trusts for instance, you as the investment advisor can actually be written into the trust document ensuring your continued management of assets across wealth transfers and transitions.

2. **STICKINESS**

   Trusts increase resistance to change, or "stickiness," because they are the result of careful long-term planning by the grantor; offer a sustainable asset protection strategy that does not require assets to be periodically shifted; and can be bundled with other services to provide an even broader range of services, options, and protection to clients, further enhancing retention.

3. **SUPPORT**

   Trusts also offer RIAs the opportunity to leverage the support of an independent trust administration company to serve as a knowledgeable, neutral, objective partner to expand your options; provide services not motivated by commissions or outside influences and avoid conflicts of interest while optimizing assets; and reliably oversee compliance issues and trust management, ensuring that administrative, legal, and tax requirements are met while directing assets and distributions according to the grantor's wishes. Industry averages suggest that assets in trust remain with an RIA nearly twice as long as assets in non-trust accounts.

Should You Explore Trusts for Your Clients and Your Advisory Business?

Are you currently focused on retaining existing AUM or building new business? When did you last assess your client base with an eye toward the loss of departing clients? Where are you in terms of your own exit strategy - how will you preserve the nest egg you've spent a career building?

Sterling Trustees helps RIAs who want to take a deeper look at their business position and make the kinds of decisions necessary to optimize their business over its complete lifecycle. If these issues are top of mind for you, call us. We have assisted attorneys and registered investment advisors to navigate their way to beneficial business outcomes and would be happy to do the same for you.

TRUSTS 101: SKILLED ADVISORS NAVIGATE TOWARD SMOOTHER SEAS - GROWING AND PROTECTING YOUR BUSINESS USING TRUSTS

Optimizing the benefits of trusts can help grow and protect your business, expanding your existing client relationships while strengthening your position as their most trusted advisor. Trusts can help you successfully address the challenges posed by the diverse factors impacting the financial services industry today while helping clients define and achieve their financial goals.

Get on Board

An estimated $70 trillion dollars is going to change hands over the next two decades, in the largest generational wealth transfer in modern history. Looking more deeply into the impact of that wealth transfer reveals that 87% of children who inherit wealth from their parents intend to terminate the relationship with their parents' financial advisor after receiving an inheritance. Nearly 90% of them indicated they never considered retaining their parents' financial advisor. In addition to children, any discussion of wealth transfer is incomplete if it does not address the increasing role of women in wealth management. Historically, the majority of financial advisors and the clients making financial decisions were men. By 2030, much of the $30 trillion in wealth held by U.S. Baby Boomers is expected to be controlled by women. Research has shown that 70% of women change their financial advisor following the death of their spouse. For the future focused Advisor, trusts are one of the best ways to avoid becoming a statistic.

Assets in trust increase the likelihood of retaining your hard won AUM's as those assets are transferred across generations. In South Dakota, the use of a directed trust model allows your client to name you in the trust document. This appointment serves two very important purposes. First, it clearly articulates the client's intent that their chosen financial advisor continues to manage the family's wealth even after their death. Secondly, being appointed in the trust document creates security, stability, and predictability that will increase the value of any financial advisor's book of business. Since the average age of an investment advisor is 59 years old, the value of an advisor's book of business is more relevant than ever. For advisors managing assets in trust, partnering with an independent trustee means that if you ever change broker dealers or take your book of business to another firm, we'll follow you.

Learning the Ropes

The barrier to most advisors' utilization of trusts as a key component of their client's financial ecosystem is the same barrier that decreases the likelihood of trust assets escaping your control. The inherent complexity of trust architecture can be a tremendous advantage for advisors managing the trust investments. Assets that are held in trust are nearly twice as likely to remain with the existing advisor than non-trust assets. Non-trust assets can be transferred from one advisor to another in the blink of an eye, but trust assets are not so easily moved. The trust document itself may place restrictions on removing and replacing the investment advisor, there may be a number of ways or a number of individuals granted the power to make substantive changes. In addition, no material changes are made to the trust structure without the trustee's consideration as the trustee is ultimately bound by their fiduciary duty to act in the client's best interest. A potential material change would include a newly permissible beneficiary requesting to remove or replace the trust's existing investment advisor. A relatively straightforward change for non-trust assets presents a much more laborious and time-consuming process for assets held in trust. The complexities of trusts and the process required to remove and replace an advisor represent a significant hinderance to the removal of those AUM's from an advisors book of business. Assets held in trust are often referred to as "sticky assets," and now you know why.

All Hands on Deck

Helping your clients (and your business) leverage trusts can be made easy with the help of a qualified, reputable and highly skilled trustee. Trustees come in many shapes and sizes including an individual such as a family member, accountant or attorney; an institution such as a bank trust company or investment firm; or an independent corporate trustee. It is imperative to choose a trustee with knowledge and experience you can count on to serve your clients and grow your business in a profitable way.

An individual trustee may seem like the logical choice, but appointing and independent trustee can also introduce many unintended consequences. Conflicts can arise amongst the individual trustee and beneficiaries who may not have the knowledge to deal with the potential issues. Limited familiarity with applicable laws and tax requirements can have major punitive and monetary consequences. Successor issues can arise with the inevitable death, or possible disability or unavailability of an individual trustee. In addition, such individual trustees often lack the sophisticated technology necessary to capture and report on trust assets and transactions. The independent trustee is not the only option.

A client may choose a large bank trust company or investment firm as trustee. Unfortunately, an institutional corporate trustee oftentimes suffers from conflicts between what is in the best interests of the trust client and what is most profitable for the firm. When these organizations fill a dual role as both trustee, responsible for administering the trust, and money manager, responsible for buying and selling assets, impartiality gets clouded. Objectivity in administering a trust only comes from independence of outside influence or monetary motivation.

An independent corporate trustee can offer objectivity and unlike the individual trustee or corporate trustee, an independent corporate trustee can make decisions that are unbiased. The reliability of an independent corporate trustee is unsurpassed by individuals, as illnesses, vacations, injuries or death will not prevent them from administering the trust or threaten its continuity throughout its full term. The trust company, bank or financial institution acting as corporate trustee cannot compare with consistency and transparency of an independent corporate trustee in its objectivity and motivation. Independent corporate trustees are also knowledgeable and experienced in all legal and tax requirements, and are fully insured against lawsuits as well as losses due to negligence. While an independent corporate trustee will not manage a trust for free like a family member might do, clientscan rest assured that their money is well-spent, as the company is guaranteed to carry out all of the fiduciary duties given to them. Between the internal and external auditors and the government regulators, independent corporate trustees are subject to many levels of oversight.

Sterling Trustees is an independent corporate trustee, providing boutique trust administration services. Sterling Trustees is custodian agnostic, preserving independence between investments and trust administration. In addition, the Sterling business model is based on flat fees, not commission, which means no hidden motives in their guidance, no quotas to fill and no platform products to peddle, just balanced and objective world-class service. At Sterling Trustees, we partner with investment advisors to safeguard their business and their clients' interests without any risk of losing control of the client relationship or accompanying fees. As an independent trustee, Sterling will ensure that a family's legacy continues under their advisor's watchful eye, while growing the investment firm's client roster as assets pass to the next generation.

Stem the Tide

Take the next step toward business benefits by investing some time to plan how you will incorporate Sterling into your work. Consider what we've shared over these last few articles: the challenges facing your business, the ways in which trusts can preserve your AUM, and the ways in which trusts can expand your business and increase stickiness.

If any of these points caught your eye, Sterling is offering an exploratory workshop during which we can:

- Meet with your team
- Answer questions
- Share more information about trusts
- Explain how RIAs are leveraging trusts to strengthen and grow their businesses

If that's of interest to you, let's get in touch and we'll work with your team. Put some of your clients' assets in trusts, so that we can handle the management heavy lifting and you can get the glory.

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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