Benefits of a Corporate Trustee

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INTRODUCTION

Choosing a trustee is one of the most significant decisions people face when establishing a trust. The trustee is responsible for administering your assets according to the provisions you outline in the trust agreement. Although you can designate any individual to oversee the administration of your trust, even sophisticated individuals or family members often find managing a trust to be burdensome and complex.

A corporate trustee may be your best option and give you several advantages, including:

EXPERIENCE

Corporate trustees typically handle many trusts on a daily basis and are very familiar with applicable legal requirements. They understand the intricacies of a wide range of trust types and have a great deal of knowledge in the administration and investment management of trusts.

OBJECTIVITY

The corporate trustee is bound by the terms of the trust document and will administer the trust as it is written. In many cases, individual trustees have a tendency to favor one class of beneficiaries over another. It can be difficult for a trustee who is a parent, sibling, relative or friend to act objectively. A corporate trustee benefits from being an outsider who can make decisions free from bias and family dynamics.

REGULATION

A corporate trustee is subject to many levels of oversight. Internal auditors, external auditors and government regulators all make sure that the corporate trustee carries out the fiduciary duties that have been given to them. This is all for the protection of the trust and its beneficiaries.

RELIABILITY

Duties are not interrupted due to illnesses, vacations or other disruptions that may distract a personal trustee from performing the responsibilities of trustee. Corporate trustees typically have a staff that is well versed in the different trusts that they oversee.

TAX MANAGEMENT AND RECORD KEEPING

Administering a trust includes filing tax returns, issuing statements and keeping records of trust activity. Most corporate trustees have tax and record-keeping expertise or have contracted with competent preparers, so they are able to handle trusts properly from a tax and reporting perspective.

LONGEVITY

Because one of the principal reasons for establishing a trust is to provide for the future, it's important to remember that an individual trustee will eventually be unable to perform the duties of a trustee. Unlike an individual trustee, a corporate trustee will not predecease you or otherwise be unable to administer the trust. By choosing a corporate trustee, you help ensure continuity for the full term of the trust.

ABOUT THE AUTHOR



Antony Joffe is the Chairman of Sterling Trustees LLC and oversees Sterling's vision and mission. He has over 20 years of trust industry operating experience and has led the growth of Sterling to over $13 billion of assets under administration. He earned his MBA in finance from Temple University and his bachelor's degree in accounting from Emory University.

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This white paper is provided for educational purposes and does not constitute legal, tax, or investment advice. Trust siting decisions depend on the residency of the grantor and beneficiaries, the location and character of trust assets, and the specific terms of the trust instrument, among other factors. Readers should consult with qualified legal and tax advisors regarding situs selection and trust structure decisions specific to their circumstances.

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