

WHY CHOOSE A CORPORATE TRUSTEE?

When a family selects a trustee or executor as part of its estate plan, it often will choose between an individual, such as a family member, and a corporate trustee, such as an independent trust company. While this decision should be made based on the unique needs of each family and its estate, for many families a corporate trustee is the right choice. Here are three reasons why we think so.

- 1. Expertise.** A trust company is a professional fiduciary with a team of experienced trust and estate professionals. As a financial institution, it is regulated and audited by state and federal banking agencies and must maintain detailed records. A trust company has policies and procedures in place regarding distributions, tax returns, trust statements, and principal and income accounting. It can manage diverse and illiquid assets, and administer elder care and special needs trusts. It is also accustomed to dealing with courts and collaborating with family advisors such as accountants, attorneys, and financial advisors.

By contrast, an individual trustee often does not have the time, expertise, or resources to fully administer a trust, and many individual trustees are forced to hire expensive outside managers and administrators to handle the workload. Further, individual trustees generally do not have insurance protection against their errors and omissions.

- 2. Impartiality.** As a rule, a corporate trustee must remain impartial when dealing with beneficiaries and family members. This is especially important when there are complex family dynamics. Unlike many individual trustees, a corporate trustee is not a family member or family friend; it therefore remains objective, without conflicts of interest, and will not favor one beneficiary over another. This unbiased, objective approach can help to preserve family harmony.
- 3. Continuity.** A corporate trustee provides consistent trust management and administration throughout the life of the trust. An individual trustee, who may become incapable of serving or unwilling to serve, cannot offer the same level of permanence and predictability offered by a corporate trustee. This consistency of administration benefits the trust beneficiaries, as well as the trust assets. Hiring a corporate trustee means that there will be uninterrupted administration, security, and investment management.

Still, some families wish to involve a family member, close friend, or family attorney in trust management. In this case, a family may wish to appoint a corporate trustee and an individual to serve together as co-trustees.

A corporate trustee such as Cumberland Trust ensures that a family's legacy is carried out objectively and professionally.

To learn more about the ways we serve our clients, please visit cumberlandtrust.com or contact your local Cumberland Trust office.



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