

Why Name a Corporate Fiduciary to Manage Your Estate?

The Glenmede Trust Company N.A.

You may choose a family member or friend to serve as your trustee or executor of your estate, but given the significance of a fiduciary's responsibilities, an independent professional is often the wiser choice. A corporate fiduciary can navigate the often-murky waters of trust management and estate settlement, bringing technical knowledge, tax planning expertise, and continuity of service across generations. Consider some of the key advantages of choosing a corporate fiduciary.

Technical Expertise—A corporate fiduciary has expertise in virtually all aspects of trust and estate administration and will work with you to see that your estate plan benefits you and your heirs. A trustee is responsible for evaluating and prioritizing the needs of beneficiaries and investing the trust's assets accordingly. As such, the trustee must ensure that the trust's asset allocation is balanced in a way that provides current income while ensuring enough principal growth to satisfy future beneficiaries' needs. The trustee must also manage the tax consequences of distributions and file income tax returns on behalf of the trust.

According to John Amalfitano, Glenmede's estate settlement specialist, "The executor's role can be equally daunting, requiring expertise in asset valuation and preservation, trust accounting and cash management, business succession, and other related issues."

Continuity of Service—A corporate fiduciary can provide uninterrupted service for generations. Unlike an individual trustee, a corporate trustee will be in business for generations and can provide continuous fiduciary services. A corporate trustee provides permanence to act on your behalf—now and in the future. This continuity is particularly valuable when administering so-called "dynasty trusts" that can theoretically last forever.

Objectivity—A corporate fiduciary is an impartial decision maker. A trustee or executor is often called upon to weigh one beneficiary's needs and desires against another's. For a family member or personal friend, these conflicts can be difficult to manage. A corporate fiduciary employs objectivity and impartiality when making decisions and carrying out the terms of the trust or will.

Cost—A corporate fiduciary can more than pay for itself in disputes avoided, personal service, and objectivity. The cost of retaining a corporate fiduciary is usually cited as the reason most individuals object to their use. It helps to remember though that the price paid may be far outweighed by the potential cost of a dispute you have avoided. Furthermore, the detailed and regular accounting of estate or trust assets combined with personal service and objectivity in decision making may more than offset the cost of hiring a professional. Amalfitano also noted, "One overlooked advantage of a corporate fiduciary is its financial strength. In the unlikely event of an error, beneficiaries have recourse from a corporate fiduciary not usually available from a family member or friend. Furthermore, misappropriation, devastating when committed by a personal fiduciary, is virtually unheard of from a corporate fiduciary."

Leverage Strengths by Naming Co-trustees

You may be able to capitalize on the benefits of both a corporate fiduciary and an individual trustee by naming one of each as co-trustees. State law typically gives you the right to determine the categories of estate decisions that require both of their consents, those that only the corporate trustee can make—such as dealing with investments—and those that only the individual can decide—such as determining which pieces of property go to which beneficiaries. For further information, or to contact Mr. Amalfitano, email mailbox@glenmede.com.

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