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## A matter of trust: Go with professionals on trusts

Whom should you trust?

It's a critical question for those creating a trust as part of their estate and financial planning. Yet too often the selection of a trustee gets scant attention, as trust creators focus on investment managers, tax specialists and other technical aspects of the trust.

Still, it is the trustee who is responsible for plan implementation, day-to-day management and ultimately the achievement of the goals and objectives of the trust creator. Whether the trust is designed for managing family wealth, providing for the disposition of assets upon death, protecting assets from creditors or providing supervision to children inheriting assets, it is a trustee who ensures realization of the trust creator's intentions. Incidentally, thoughtful selection of a trustee is not reserved for the wealthy. One of the most common reasons for creating a trust is establishing a way for minor children to inherit.

Unfortunately, when choosing their trustee, too many people tend to place greater significance on finding someone they know, someone close to them. Rather than choosing a person with the needed experience or technical skill, they opt for a respected family member, their oldest child, a longtime friend, a neighbor, the lifelong busi-

ness associate or anyone considered both trustworthy and familiar with their family.

Granted, beneficiaries are often more comfortable with someone they know, perhaps someone who is part of their everyday lives. Such close personal relationships with the trustee are seen as a way to guarantee that family needs will be a priority. Yet in a surprising number of cases the relationship with family cannot overcome the lack of experience or technical skills required of trustees today. And when this personal approach fails, those valued relationships are typically destroyed and the trust creator's expectations compromised.

An adult child, an uncle or a family friend may be willing to serve as trustee, but they may not fully understand the job they are taking on. Estate plans today are designed to not only span generations but often continents. Future beneficiaries will most certainly have widely differing needs, objectives and circumstances. They may live in different cities or in different countries, and trust investments will most certainly be international in nature. In this fast-paced and complex environment, the successful trust is probably not managed by a trustee serving as a favor to the family.

So, whom should you choose as trustee? For many, the answer is a professional trustee, who can work either alone or in partnership with a trusted family member or friend. Why a professional? For one thing, a trustee's role is almost impossible to do on a part-time basis. Investment markets, tax legislation and tactical planning opportunities are dynamic. Families, too, are constantly changing as children grow up, older relatives die and circumstances change. To be successful, a

trustee must not only understand such family dynamics, but also provide an uncompromising level of technical expertise. And with the advantage of an outsider's perspective, a professional trustee will often be able to anticipate events or changing circumstances and thus be prepared to take appropriate steps to ensure that the trust creator's intentions remain intact.

Most law firms specializing in estate planning have departments dedicated to professional fiduciary services, although these services are often only available as part of the complete planning package. Many commercial banks offer trustee services, and in some cases, it is the bank's primary business. Financial planners, independent investment managers and CPA firms may also have departments dedicated to serving the fiduciary needs of their client base.

Given the diversity of options, narrowing the field of professionals will most certainly take some homework. Again, the settlor is cautioned to distinguish the difference between "willingness to serve" and an experienced trust professional with appropriate support resources. In all cases, it is important to thoroughly evaluate the fiduciary experience of trustee's staff. Avoid trustees who do not charge for their services, and whenever possible, speak with several trust clients about their experience with the firm and its ability to deliver that all-important personal attention.

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### INSIDER VIEW

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