

Why Engaging a Corporate Trustee Could Benefit You and Your Family

Choosing a trustee is a major decision – one that may impact you and your family in many ways for generations to come. Essentially, when you establish a trust for the benefit of others, you are handing down your values through the terms of the trust and your contributed financial assets. And with an increasing number of trusts lasting for multiple generations – and even into perpetuity in some states – structuring the trust and selecting the most appropriate trustee(s) are significant steps.

In this article, we answer:

- What is the role of a trustee?
- How do you select a trustee?
- Can you name both an individual and corporate trustee?

What is the role of a trustee?

A trustee administers a trust based on the grantor's instructions, which are articulated in the trust agreement and in accordance with governing state law. A grantor may also want to provide a nonbinding "wishes letter" to guide future trustees. The duties and roles of a trustee vary from state to state and are typically spelled out in the document creating the trust. A few of the most significant roles typically include:

- **Investment management:** A trustee can be responsible for structuring a portfolio in accordance with the trust's investment objectives, risk tolerance as well as the needs of any present and/or future beneficiaries and time horizon of the trust.
- **Trust administration:** A trustee is responsible for maintaining proper trust records, filing income tax returns and reporting to the beneficiaries (although certain states such as Delaware provide an alternate means of reporting called a "silent trust").
- **Distributions:** If authority is provided in the trust instrument, a trustee may exercise its discretion to make – or not make – distributions to designated beneficiaries as provided in the trust agreement. This power can be broad or specific, depending on the grantor's preferences and concerns. The grantor may also require mandatory distributions of income and principal, requiring the trustee to make distributions at a certain time or at certain intervals.





How do you select a trustee?

A trustee should have the skills, judgment, objectivity and time to adequately perform its duties. A trustee must balance the interests of the lifetime beneficiary, any future beneficiaries and the intentions of the grantor while remaining mindful of the legal requirements applicable to its fiduciary responsibilities.

The trustee is required to act in good faith and in the beneficiaries' best interests, putting aside any personal beliefs or biases. The laws and regulations governing trusts and trustees are state-specific and require the applicable knowledge, experience and understanding of relevant income and transfer tax considerations.

Can you name both an individual and corporate trustee?

There are advantages to naming both a corporate trustee and an individual trustee to work together to administer a trust.

A corporate trustee, typically an independent trust company or bank with trust powers, can provide continuity, professionalism and experience as trustee, while being impartial and objective. Choosing a professional trustee to work alongside an individual trustee may also help avoid the emotional tensions that could arise when a family member or friend is trustee.

Glenmede has more than five decades of service as a trustee of multigenerational trusts, charitable trusts and family foundations created through trusts. This experience and perspective, coupled with our deep and enduring relationships with the families we serve, enable Glenmede to effectively support a family's wealth goals and the legacies they endeavor to define through trusts.

For more information, contact your Glenmede Relationship Manager or visit us at [Glenmede.com](https://www.glenmede.com).

This material is intended to review issues or topics of possible interest to Glenmede Trust Company clients and friends and is not intended as investment, tax or legal advice. Any opinions, recommendations, expectations and/or projections expressed herein may change after the date of publication. Information obtained from third-party sources is assumed to be reliable but may not be independently verified, and the accuracy thereof is not guaranteed. No outcome, including performance or tax consequences, is guaranteed, due to various risks and uncertainties. Clients are encouraged to discuss any matter discussed herein with their tax advisor, attorney or Glenmede Relationship Manager.