

Trust-ed Opportunity: Make the Most of Your Money



POSITION YOURSELF TO GET THE MOST OUT OF YOUR TRUST(S)

Estate planning is essential to ensure measures are in place to carry out your wishes when you have passed. Trusts are often a part of estate planning as they provide a means of avoiding probate and provide tax advantages.

While the Trust structure and governance are determined upon creation, the proper management of that trust and the assets within it are essential to making sure plans are carried out according to the grantor's wishes before and after death. Despite governing documents, etc., families often run into pitfalls when it comes to the execution and management of their trust, many times after the grantor has passed and cannot intervene.

MISSING THE OPPORTUNITY TO GET HELP FROM YOUR ADVISOR(S) IN THE MANAGEMENT OF YOUR TRUST(S) CAN LEAD TO LASTING IMPACTS FOR BOTH YOUR FAMILY AND THE ADVISOR.

Consider the examples below:

Risk Of Using A Corporate Trustee Independent Of Your Advisor

Without involving his Advisor, a \$5 million client set up a trust and named a Bank that had no relationship with his Advisor as the trustee of his trust. Upon the client's death, the Bank brought all assets to their institution.

The client's children, who have a relationship with the Advisor, contact the Advisor upset because they are dealing with people at the Bank as Corporate Trustee with whom they have no relationship.

Risk Of Not Naming A Corporate Co-Trustee

A client names his brother as the trustee of his trust without involving his Advisor.

After the client's passing, his children call the Advisor upset because their money is now being managed by someone else whom they perceive as playing favorites and is also difficult to get a hold of. The client's children are angry at each other and they feel the family is falling apart. They are also frustrated the Advisor did not help the client set up and manage the trust while he was alive, which would have helped to avoid the issues they are experiencing.

SET YOU AND YOUR EXISTING TRUST UP FOR SUCCESS

Whether you are associated with a trust as a type of beneficiary, trustee, trust protector, grantor, investment or distribution advisor, they are positioned to help.

Get the most out of your trust by:

- Making sure the trust **properly reflects the grantor's intentions**
- **Protecting the assets** so they go to the intended parties
- **Reducing the burden** on family in carrying out the grantor's plan
- **Ensuring continuity and execution** of services with a balance of personal touch and professional experience that is backed by fiduciary responsibility

YOU AND YOUR FAMILY CAN POTENTIALLY BENEFIT BY ENGAGING YOUR ADVISOR TO REVIEW INVESTMENT MANAGEMENT OPTIONS FOR YOUR TRUST (S).

Consider the example below:

Improved Service And Performance Environment For The Trust

An Advisor has a client whose brother passed away leaving \$8 million to the client's niece (brother's daughter). The client is a contingent beneficiary (i.e., the client gets the money if the niece pre-deceases the client). The client and his niece are not happy with the current trustee (a Bank) from a performance, fee and service perspective.

The niece and client are very close and she leans on him for advice. The client speaks with his advisor regarding her concerns and learns the trust document allows the niece to remove the current trustee and appoint a corporate trustee who can work with the Advisor. The niece decides to place the assets with the Advisor, who provides a better service, experience and performance environment for her.

CONSIDERATIONS



When was the last time you spoke to your Trustee? How happy are you with the service and communications you are receiving from your Trustee?



As a beneficiary, have you thoughtfully designed your future receipt plans?



Are you happy with the investment management of your trust's assets?



While it is an honor to be asked to be a trustee, it comes with a lot of liability and responsibility. Are you or your family prepared for the obligations involved in being a trustee?

COMMON MISCONCEPTIONS ABOUT TRUSTS MAY BE HOLDING YOU BACK FROM ENGAGING WITH YOUR ADVISOR AND CNR

Irrevocable trusts are “Not-Movable”

This is a common misconception; irrevocable trusts are often movable. Determine whether or not the trust can be moved by taking a look at the trust documentation. Sometimes trustees may say a trust is unmovable when it actually is movable.

The trust may require a corporate trustee

Clients may not understand the options available to their advisor for corporate trustee services.

Clients may not understand their options or think they have any say in what happens with a trust in their family or for their benefit

This may not be true; your Advisor and City National Rochdale can help evaluate and educate you on your options.

Clients do not think they have enough money to need planning

Money/assets often create all kinds of problems for others; structure will help ensure the process is smooth for all parties and in accordance with the grantor’s intentions.

Your child or beneficiary is financially responsible

While this may be true, we do not know how others will respond and where in life they will be when dealing with:

- Death
- Influx of capital
- Special assets and the responsibility involved
- Family/friend dynamics
- Divorce, re-marriage, other close relationships

Corporate trustees:

- Are affordable
- Are regulated
- Provide continuity
- Are neutral
- Can work with family members who know the family



Individual trustees:

- Are unregulated
- May lack neutrality
- Will need to hire professional assistance
- More likely to have continuity issues
- Are more likely to result in legal issues
- May be costly in comparison to corporate trustees
- Have their own loyalties with other Advisors
- May not have the time, energy, business and emotional acumen to handle the responsibilities of being a trustee

TYING IT ALL TOGETHER

Your Advisor and City National Rochdale can help make sure your plans come to fruition and set you and your trust up for success. If you are interested in learning more, reach out to your Advisor.

PUTTING IT INTO PERSPECTIVE

Read additional examples on the next page.

PUTTING IT INTO PERSPECTIVE

Consider the examples below:

Improved Investment Portfolio And Management Of Assets

An Advisor has a client who is the primary beneficiary of a \$3 million trust held at a Bank. The client prefers the Advisor manage the assets but feels stuck with their current trustee.

The Advisor requests the most recent statement and a copy of the trust document from the Bank. After a review, the Advisor determined the client could improve their investment portfolio. The Advisor sought help to move the trust to a trustee who would allow him to manage the assets and deliver better performance to the client.

Greatly Reduced Workload For The Client While Remaining A Co-Trustee

An Advisor has a 65-year-old client who is the trustee for a \$4 million trust held for a deceased family friend. While the client does not mind being a trustee, he does not like the work it involves or the occasional conflict with the beneficiaries.

After learning about the affordability of a Corporate Trustee and the fact that he can remain as Co-Trustee while the Corporate Trustee manages all the work, he decides to appoint a Corporate Co-Trustee who will work with the Advisor.

Optimized Trust Receipt For The Client (beneficiary)

An Advisor found out their client is the beneficiary of his (still living) parents’ trust.

The Advisor educates the client on options to receive the assets when the time comes. Through conversation, the Advisor is able to help develop and optimize plans as to how the client will eventually receive the trust.



Key Takeaways To Consider For A Successful Trust



Trustee service and communications



Investment management of trust assets



Future receipt plan



Trustee liability and responsibility

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