ICON TRUST

PERSONAL SERVICE YOU CAN TRUST

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TRUST SERVICES GUIDE FOR FINANCIAL PROFESSIONALS

WHAT IS A CORPORATE TRUSTEE?

A corporate trustee is a bank or independent trust company that is licensed to act as trustee of a trust. The role of a trustee is to provide for the administration and distribution of trust assets according to the settlor's wishes as outlined in the trust document.

WHAT MAKES A CORPORATE TRUSTEE ADVISOR-FRIENDLY?

An advisor-friendly trustee does not compete with you as a financial professional for assets under management. A corporate trustee focuses strictly on trust administration and partners with a financial professional for the management of trust assets.

WHY DO CLIENTS NEED A CORPORATE TRUSTEE?

Many clients name a family member or friend to serve as successor trustee of a trust. This may not be the best option as that individual probably does not have the experience in handling the complexities of trust administration.

A corporate trustee has many advantages over an individual trustee:

- Corporate trustees have a full-time staff of trust officers trained in trust administration with expertise in record-keeping and with tax, and trust law.
- Corporate trustees are professional, impartial, and objective in making decisions based on the trust provisions. They are not affected by family dynamics, emotions, and personal agendas.
- Corporate trustees continue in perpetuity and will be present for multiple generations.
- Corporate trustees are financially stable, regulated, and carry insurance to protect beneficiaries.

WHY SHOULD FINANCIAL PROFESSIONALS PARTNER WITH AN ADVISOR-FRIENDLY CORPORATE TRUSTEE?

Studies show close to 90% of advisors are fired by the next generation when a family member or friend is listed as successor trustee. Naming an advisor-friendly corporate trustee increases the likelihood financial professionals will manage assets for multiple generations.

WHEN TO CONSIDER A CORPORATE TRUSTEE

- When the settlor of the trust has spendthrift beneficiaries and is concerned about their heirs receiving money outright free of trust.
- When the settlor has concerns about potential predators and creditors of their beneficiaries.
- When the family needs an impartial third party to administer the trust and to mitigate family dynamics.
- When the settlor wants to establish an asset protection trust during their lifetime to shield a portion of their assets from potential predators and creditors.
- When the settlor is creating an Irrevocable Life Insurance Trust and needs a trustee to handle sending out the Crummey notices and paying the insurance premiums.
- When the settlor wants to gift assets out of their estate to mitigate estate taxes and push assets down to the next generation.
- When the settlor of a trust anticipates selling a business and resides in a high-income tax state.

WHY NEVADA IS THE BEST TRUST JURISDICTION

An irrevocable trust is generally governed by the laws of the state where the trustee resides. This means the settlor and the beneficiaries can reside anywhere in the United States and still have their trust administered by a Nevada trustee. Nevada has established favorable tax and asset protection laws to strive to be the preferred out-of-state trust jurisdiction for high-net-worth clients and their families.

5 REASONS NEVADA IS THE TOP STATE FOR COMPOUNDING WEALTH & ASSET PROTECTION:

1. State income tax savings – Nevada does not have a state income tax. Trust assets in an irrevocable trust may grow much faster without having to pay state tax on undistributed trust income. More money in the trust means more money for financial professionals to manage.

a. Out of state clients may also benefit from a Nevada trust to mitigate state income taxes on the sale of assets, or income from income producing assets.

2. Dynasty trusts –Nevada's laws allow a trust to last for 365 years. This means a trust in Nevada can last for 365 years without the trust assets being subjected to an estate tax levied at each generation. Compounding wealth can benefit multiple generations.

3. Asset protection – Nevada enacted its domestic asset protection statute in 1999. A Nevada asset protection trust (NAPT) is an irrevocable trust in which the creator of the trust is also a permissible beneficiary. Under Nevada law, two years after the creator transfers a portion of their assets to the trust, those assets should be protected from creditor claims. A Nevada asset protection trust is a vehicle to protect assets from creditor claims which are becoming more prevalent in our highly litigious society.

WHY NEVADA IS THE BEST TRUST JURISDICTION (cont.)

4. Nevada's decanting statute - Nevada's decanting statute allows for the modification of an irrevocable trust to address changes in trust law and family dynamics that could not have been predicted. Some of the most commons reasons to decant are to change drafting errors, trustee provisions, distribution standards, and governing law.

5. Nevada's directed trust statute - A directed trust allows for the separation of trustee roles among multiple parties. A traditional trust may have one trustee that is responsible for the investments, distributions, and administration of trust assets. Nevada has enacted directed trust statutes which allow the investment and distribution functions to be handled by a family member, friend, or other trusted advisor while leaving the administrative functions to a corporate trustee.

HOW TO PROSPECT YOUR BOOK OF BUSINESS FOR TRUST ACCOUNTS

- Check the registration for the accounts you currently manage. If the account is titled in the name of a trust, ask your client who the successor trustee is. This is the opportunity to explain that you work with a company that will administer a trust pursuant to your client's wishes while allowing you to stay at the forefront of the client relationship.

- During an annual review with a client, uncover any additional income by seeing if your client is receiving any K-1s from irrevocable trusts. If they are a beneficiary of an existing trust, ask them the following questions: Who is the trustee? Do they know them? Do they like them? How interested would they be in having you manage the investments of the trust?
    - Ask for a copy of the trust to review.
    - Send the trust to ICON.
    - ICON will review the trust and determine the steps to remove the current trustee, appoint ICON, and delegate the investment management to the referring financial professional.

- If you are selling life insurance, consider putting the life insurance in an irrevocable life insurance trust (ILIT).