
AGENCY TRUSTEE SERVICES FOR
INDIVIDUAL TRUSTEES
WE HANDLE THE DETAILS.

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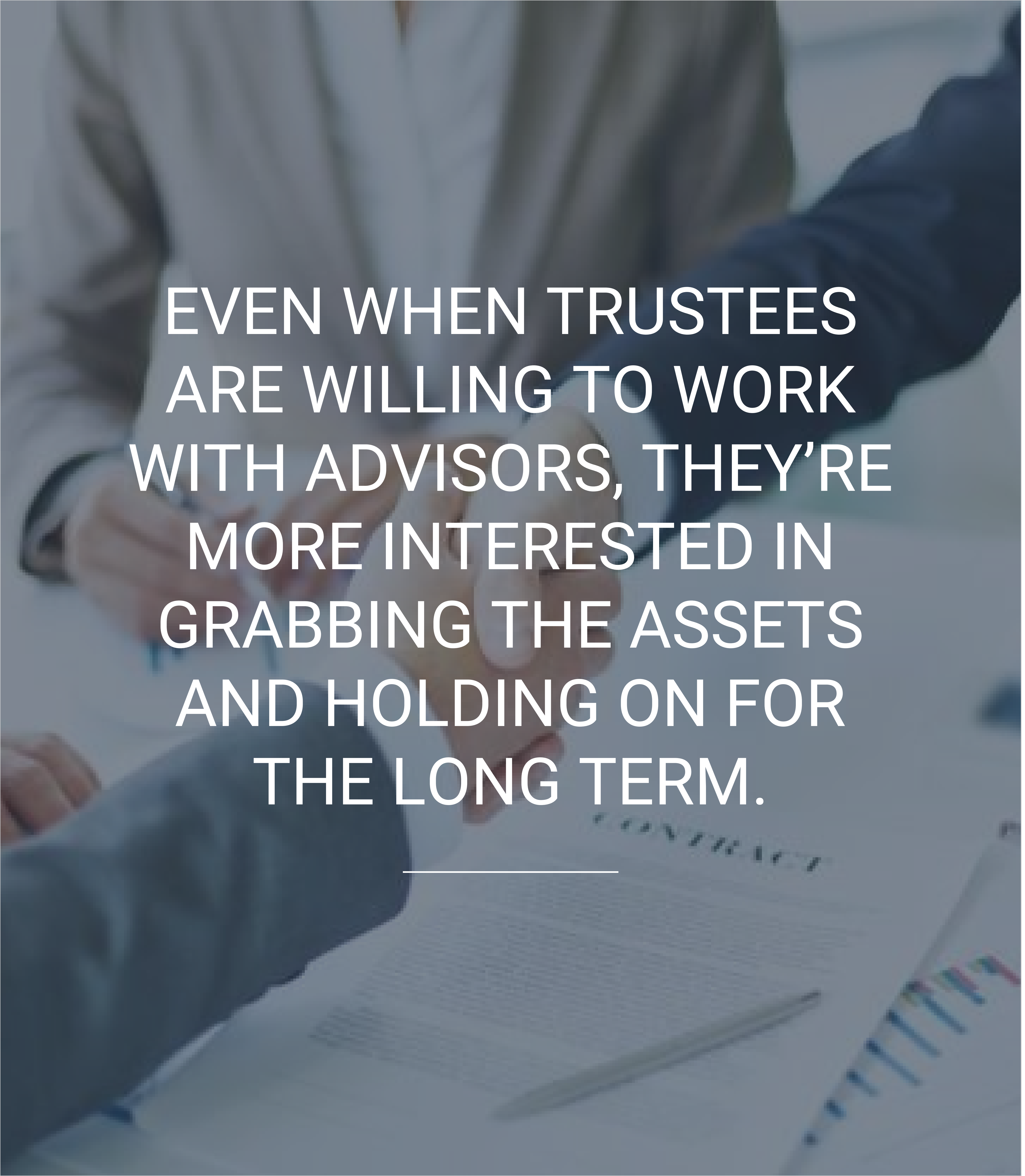


A NEW MODEL OF TRUST SERVICES

Creating a trust requires people to surrender control of that wealth to someone else. For those who worked hard for the money or simply withstood the temptation to spend every dollar, handing the assets over to the trustee represents a tremendous leap of faith.

Many soothe the emotional stress by reaching for an individual – a relative or friend – who fills them with complete personal confidence. Some individual trustees accept the headaches, risks and the paperwork and attempt to do their own version of trust accounting and administration. In the trust case, the trustee needs a lot of on-the-job training and support. They are looking for a plug and play solution. Either way, the administrative tasks that any formal trustee actually needs to perform can be overwhelming. Not being in control is generally not an option.

At the very least, the individual trustee needs a lot of on-the-job training and support while learning the ropes. While many trust creators have become a lot more comfortable with the notion of handing the assets to a corporate trustee, most of the organizations that provide those services have shown scant willingness to cooperate with the people the trust creators wanted to appoint, much less the financial advisors who would ordinarily continue managing the investments.

Even when trustees are willing to work with advisors, they're more interested in grabbing the assets and holding on for the long term. They brag about how "sticky" trust accounts are for them and their corporate affiliates. And this raises the stakes on any decision to direct your trust accounts their way. Instead of a business relationship, many advisors do not realize they're getting into a corporate marriage that's very difficult to unwind and holding their best clients hostage to the process.

That long view is great for the institution, but it ultimately works against investors who crave flexibility in an increasingly high-paced technological environment and volatile market universe. Companies are in a constant state of flex. Until you're absolutely sure you can rely on a corporate trustee to be a reliable partner for the long term, there's not a lot of sense in committing to that kind of relationship.

AGENCY TRUSTEE SERVICES

Hiring an agent to manage trust duties, allows the individual trustee to utilize their strengths & retain control while curbing the excesses of the traditional corporate trustee service model.

Instead of locking up the assets for generations, you can simply park a trust now. Maybe it turns into a long-term relationship or maybe it does not.

Either way, the individual trustee gets support, the trust is in good hands and all options remain open.

THE TRUST BOOM COMING

One way or another, being able to refer your clients to someone who can manage their trusts is becoming an essential piece of the advisory business. After years of talk, the Baby Boomer wealth transfer is finally happening. At least $50 trillion is at stake and it's moving into irrevocable trusts at a rate of perhaps $60 billion a year even as we speak.

Advisors who catch that wave can accelerate their growth while boosting retention across the generations. Obviously only a minority of your closest competitors work with trusts now, so it's a huge differentiator. And once the assets are in trust, you're much less likely to lose control over how they're invested when your current clients pass away.

Clients come and go but a trust is theoretically immortal in some cases. As long as the trust instruments appoint you as the investment manager, the heirs will be less likely to use someone else.

However, this means being able to work with a wide range of trusts. And as it turns out, individual trustees are getting 70% of the assets, which means you've got to respect that urge to put a trusted relative or friend in the driver's seat when your clients balk about handing their assets to a corporation to administer.

A seasoned advisor can probably counter all of these arguments with hard facts about why running a trust is too much work for the typical untrained person, but feelings are difficult to overcome with even the best logic.

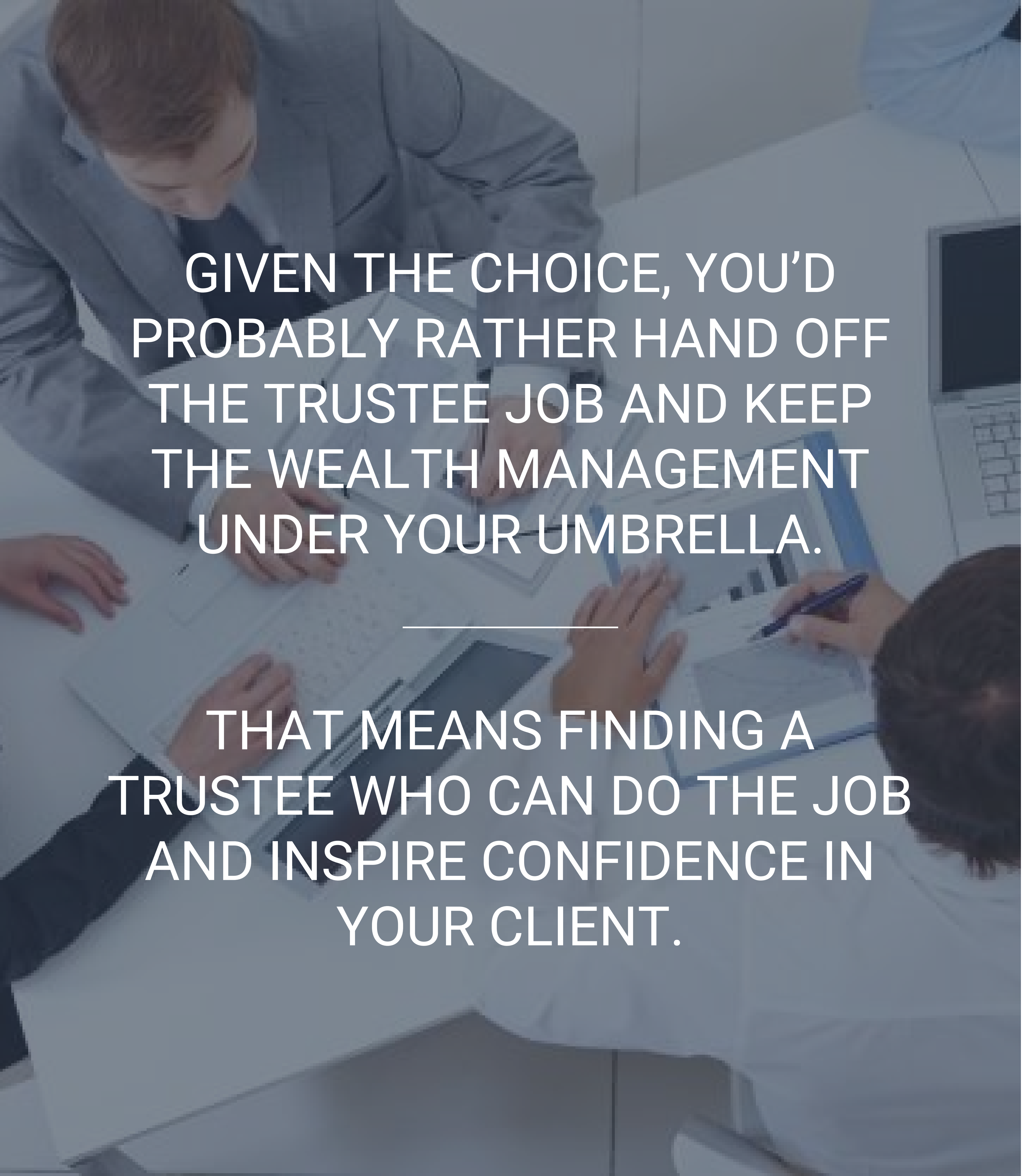
The easiest solution, of course, would be for the advisor to suggest the assets go into a trust and to volunteer to serve as trustee. This provides the family with a solid combination of a familiar presence as well as freedom from administrative headaches. However, the regulators have rules for most advisors personally managing the money as well as administering the trust.

IT'S NOT HARD TO UNDERSTAND WHY THEY LOVE "UNCLE BILL" OR ANY OTHER PERSON THEY INSIST ON APPOINTING AS TRUSTEE:

- Someone who already knows the creator of the trust doesn't need a lot of awkward or time-consuming education on the intimate details: you're not bringing a stranger into the family's dirty laundry and expecting him or her to immediately grasp and forgive the choices that shaped the present.

- It's also a way to avoid complete surrender of control. Many trust creators are convinced that someone they already know will have more influence over the beneficiaries. He or she will know which motivational switches to use and how far to push the next generation. After all, they grew up relating to the trustee as a trusted authority figure if not a surrogate parent.

- The trust creator often hopes that the individual trustee will be able to understand and enforce the goals behind the trust better than a stranger simply because of their personal history together. A corporate trustee usually only has the trust documents to draw on and needs to interpret them from a stranger's perspective. Many grantor's prefer the former approach as a way to stay in the picture after passing on the assets, even if it's only as a ghost image haunting the trustee's memory.



THE BOOM, CONTINUED

Given the choice, you'd probably rather hand off the trustee job and keep the wealth management under your umbrella. That means finding a trustee who can do the job and inspire confidence in your client.

Confidence is a slippery thing based on chemistry and other intangible factors. If your client trusts that individual, that's a good start.

But the odds of an individual trustee getting in over their head are too high for any fiduciary to ignore. Running a trust takes a lot of specialized training and hard work. Missing a deadline or other details can cost the family a lot of money or imperil the trust itself.

Finally, the very relationship that the trust creator hopes to exploit can work against the individual trustee. Some beneficiaries will have closer bonds with the family trustee, while others may feel left out or slighted. If these disparities are allowed to fester, the emotional friction may eventually expose the trust and trustee alike to destructive litigation. Money should not create an angry Thanksgiving family table?

A completely impartial, kind, and responsive admin-only corporate trustee brought in from the outside is the easy choice. But relatively few advisors have trust referral relationships in place anyway, and those who do, still need to get their clients to sign off on the choice.

Until recently, the outcomes boiled down to forcing clients to go with a traditional bank corporate trustee, or appointing an individual and either hoping for the best or tabling the trust conversation entirely.

But with the clock ticking on that $50 trillion, every trust is precious. How do you hit the ground running and build out the relationships as you go? Good news: there's a new plug and play model in town.

ON DEMAND TRUST EXPERTISE

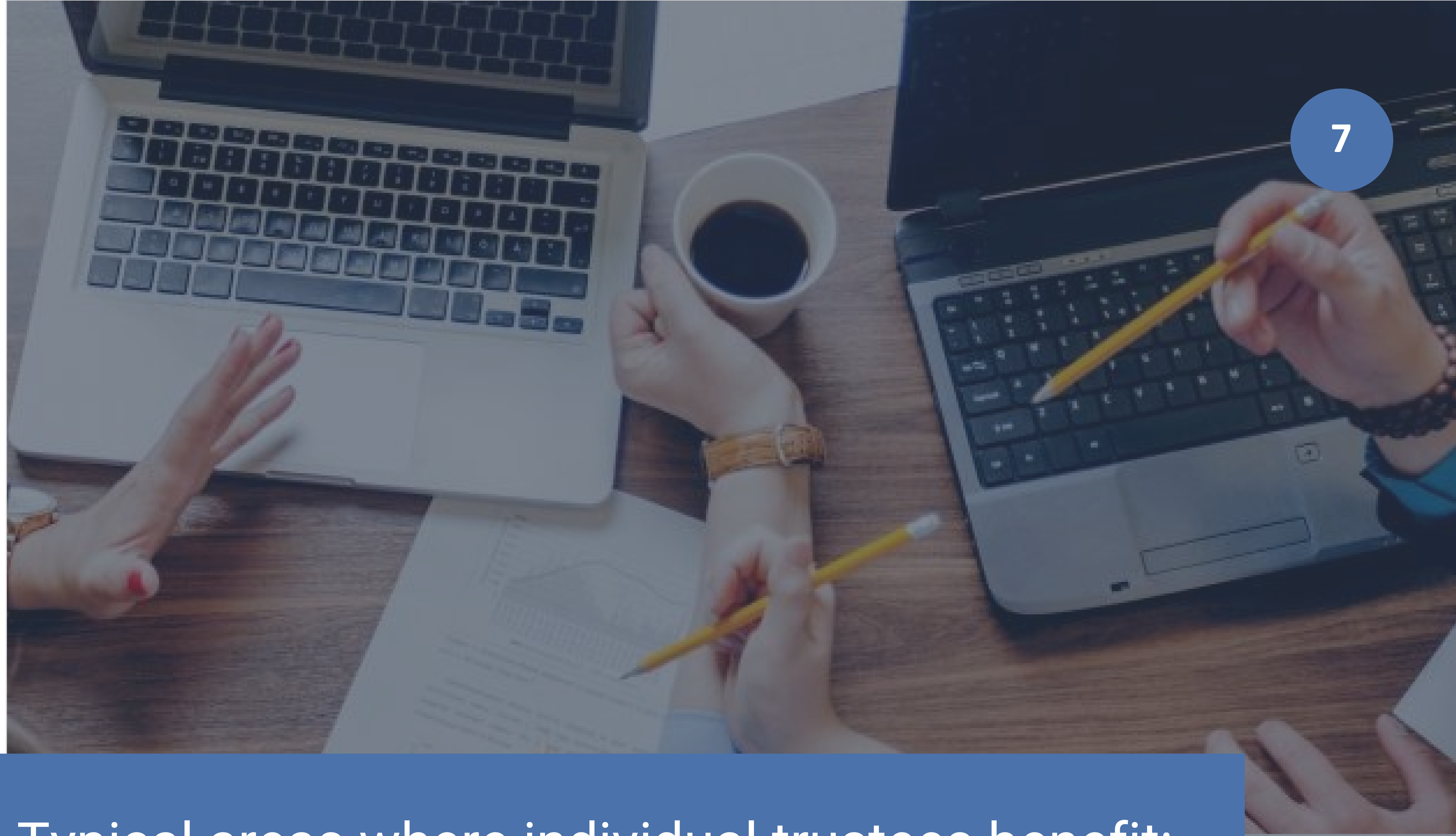
Running a trust is a lot of work. Advisors are only allowed to do it under very limited circumstances. Other individuals associated with the family can step in, but they're usually unaware of the pitfalls and complications.

That individual trustee needs backup, someone who knows the ropes. If they want to learn how to do it, they can ease off the support structure as they get to know the ropes of being a trustee. Otherwise, they can remain an amateur as long as they want, working with the beneficiaries and the admin-only corporate trustee dealing with the trustee rules and paper headaches.

That kind of expertise is expensive to build. To amortize training costs, most trust organizations want the account forever and their business model is structured on that basis.

We already support exceeding expectations trust service. We built the expertise. But unlike a lot of people, we're happy to split the traditional trust relationship by focusing on administration and leaving the other duties of dealing with the beneficiaries and reviewing the investments to any individual the trust creator wants to appoint.

The individual trustee has the best of both worlds - retain total control and use a best of class trust company to do all the trust administration. Everybody stays in their lane. The family wins.



Typical areas where individual trustees benefit:

- ☑ Assistance with discretionary disbursements
- ☑ Trust administration follows the trust document rules
- ☑ Documentation of all trust actions
- ☑ Preparation of monthly, quarterly and annual trust report
- ☑ Comprehensive communication with grantors, and beneficiaries

NO STRINGS ATTACHED

Working with traditional trust companies can be a challenge. You know they are bureaucratic, want to manage the money themselves, charge exit fees and build imposing hurdles when asked to resign.

Using Agency Trustee Services is like renting. Using Corporate Trustee Services is like buying. Which trustee service do you need when and why? If today you want a no strings attached trustee service, then Agency Trustee Services is the answer.

Working with a corporate trustee should be based on the needs and wants of the grantor and beneficiary(s). Modern day trust companies offer everyone control and choice. What do you value?

REMEMBER, IF A TRUST GRANTOR WANTS TO STAY IN CONTROL, WE'RE HAPPY TO STRETCH. WE OFFER ALL THE TRADITIONAL AMENITIES OF THE CORPORATE TRUSTEE:

- ☑ Experience and expertise in tax, law and investing
- ☑ Perceived fairness, uniformity and lack of bias in decisions
- ☑ Compliance with instructions and agreements through government regulation
- ☑ Objectivity

NO STRINGS ATTACHED, CONT

- The **trust creator** gets to pick whoever he or she likes as trustee, with all the emotional and other support required for the beneficiary(s).
- The **beneficiaries** get a familiar face. A truly neutral trustee administrator behind the scenes ensures all decisions are made fairly and in accordance with the stated objectives of the trust.
- The **trustee** gets backup on all fiduciary duties and relief from paperwork.
- The **advisor** gets a happy client, potential referrals and the ability to keep the assets under management for generations.
- **Trust creator, beneficiaries**, and **trustee** enjoy a custodian agnostic solution.

With this solution, the trusts on your platform are properly handled in the background. And in the foreground, the grantor's and advisors retain complete investment freedom. You can recommend whatever investments you like. You retain investment fiduciary oversight. You have 100% control over custody and investments.

Maybe a temporary relationship turns into something deeper. That's obviously our hope, but in the meantime, your client assets have a place to stay, as long as they need it. Your clients have a trained corporate trust staff working in the background to anticipate their needs.

We've worked with a lot of trusts and helped resolve complex issues. We haven't seen it all, but we've definitely managed tricky situations involving fractious beneficiaries, vague trust documents and exotic assets that would stymie most untrained individual trustees.

And if we notice a trustee potentially making unwise decisions – subtly – we will provide our expert trust opinions.

WHEN TRUSTS GO BAD

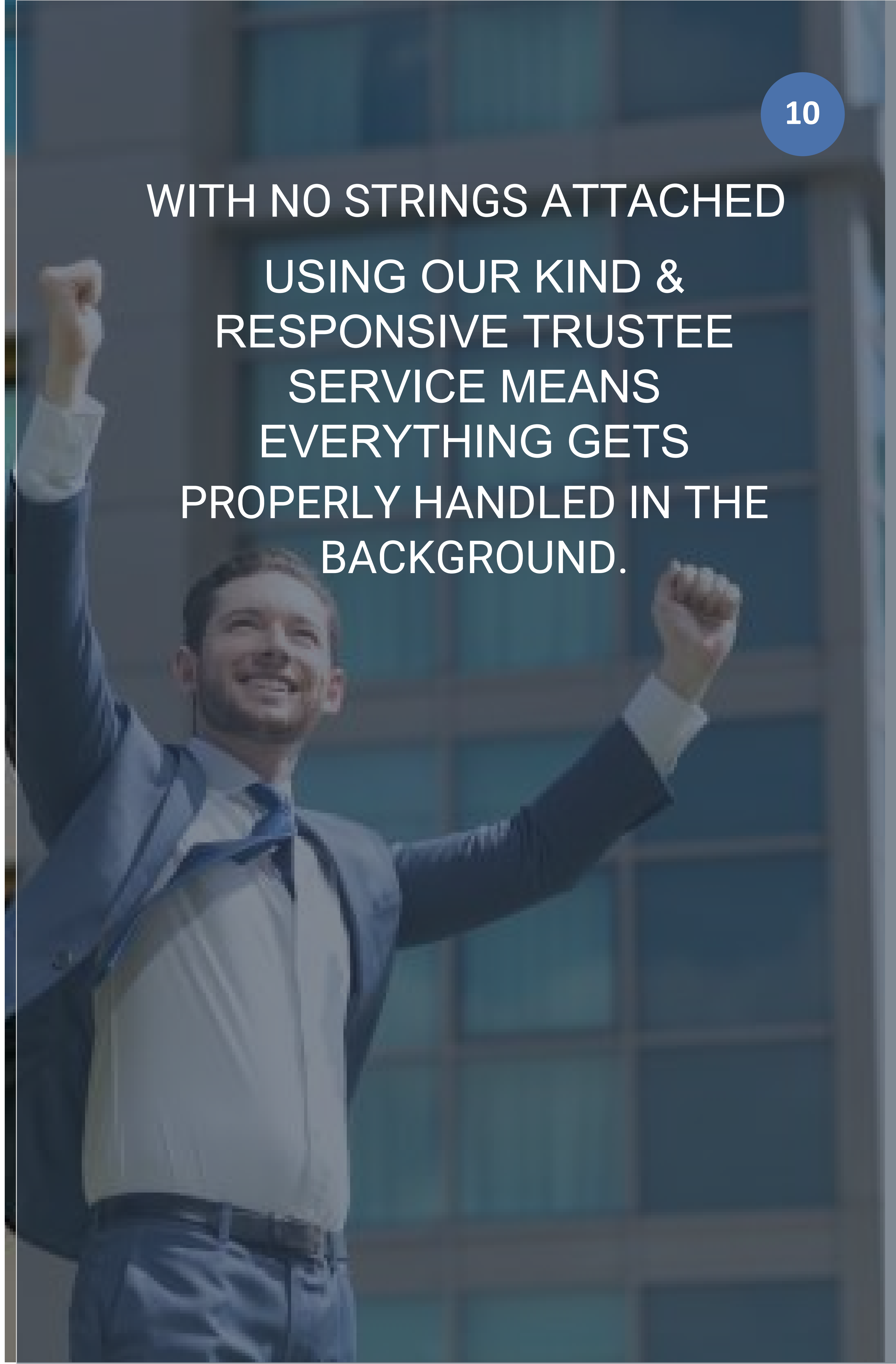
Consider the case involving the multi-billion dollar estate left to the Rollins family, the clan behind the Orkin pest control empire. In 1968, O. Wayne Rollins, who with his brother built Rollins Inc., set up the Rollins Children's Trust, naming his sons Gary and Randall as trustees and heading the family-held corporations. He also named a close family friend, Henry B. Tippie, as a third trustee.

The trust was originally funded with company stock to be paid out to Wayne's nine grandchildren on their 25th and 30th birthdays, with the remainder passing to the next generation. Almost 20 years later, Wayne set up an additional nine sub-chapter S trusts – one for each grandchild – in an effort to reduce his tax bill.

Following Wayne's death in 1991, things rolled along smoothly for a while, until the trustees began requiring the grandchildren to have "meaningful pursuits" and instituting a "monitoring program" to ensure compliance. In 2001, Gary's four children rebelled against the oversight, suing all three trustees in an initial suit that claimed that they were being denied their rightful distributions by overzealous trustees who had breached their fiduciary duties.

A corporate trustee could rightly claim impartiality. But family friends, fathers and uncles don't have that institutional shield to hide behind. Years later, the case was still being fought out in courtrooms throughout Georgia amid claims of financial mismanagement and self-dealing.

In the meantime, family ties completely broke down. Instead of having the best of both worlds, the Rollins dynasty wound up fragmented and paying the litigators a lot of money. And Happy Thanksgiving dinners a memory of the past.



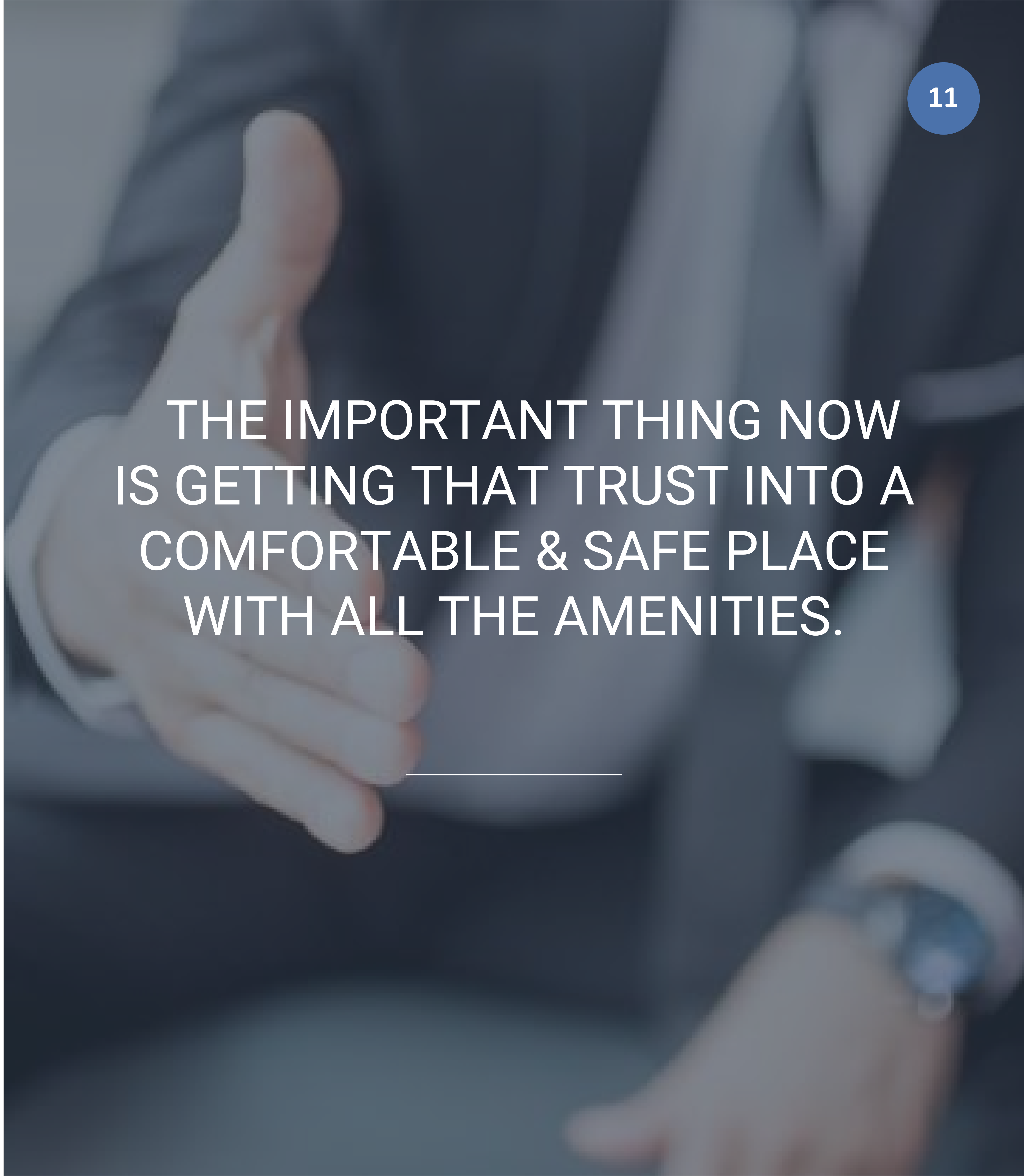
PICKING A TRUSTEE - LONG TERM

An individual trustee may or may not become an expert in his own right. Either way, they are not going to be around forever. By the time they are gone, the initial bonds that drove the family to appoint them in the first place have weakened. It's time to appoint an admin-only corporate trustee for the long term.

When the time comes, many advisors focus on a few key factors:

- **EXPERIENCE:** Everybody wants a corporate trustee offering innovative, collaborative and easy to use trustee services. Ask potential corporate trustees how they are innovative about their onboarding, distributions and communications. Why and how are they kind and responsive.
- **INDEPENDENCE:** Step 1: Do your clients want a corporate trustee that does or does not invest trust assets? Step 2: Do you want the corporate trustee to be custodian agnostic? Step 3: Will the corporate trustee resign if beneficiaries make request even if the trust document language is vague (hint - should be a Yes)?
- **THE DNA:** Ask corporate trustees why they exist? What motivates them to exist? What spurs them to create innovative trust administration processes? Do you want a forward thinking corporate trustee or a antiquated corporate trustee?

But that process takes time. The important thing now is getting that trust into a safe, comfortable place with all the amenities.



Christopher Holtby

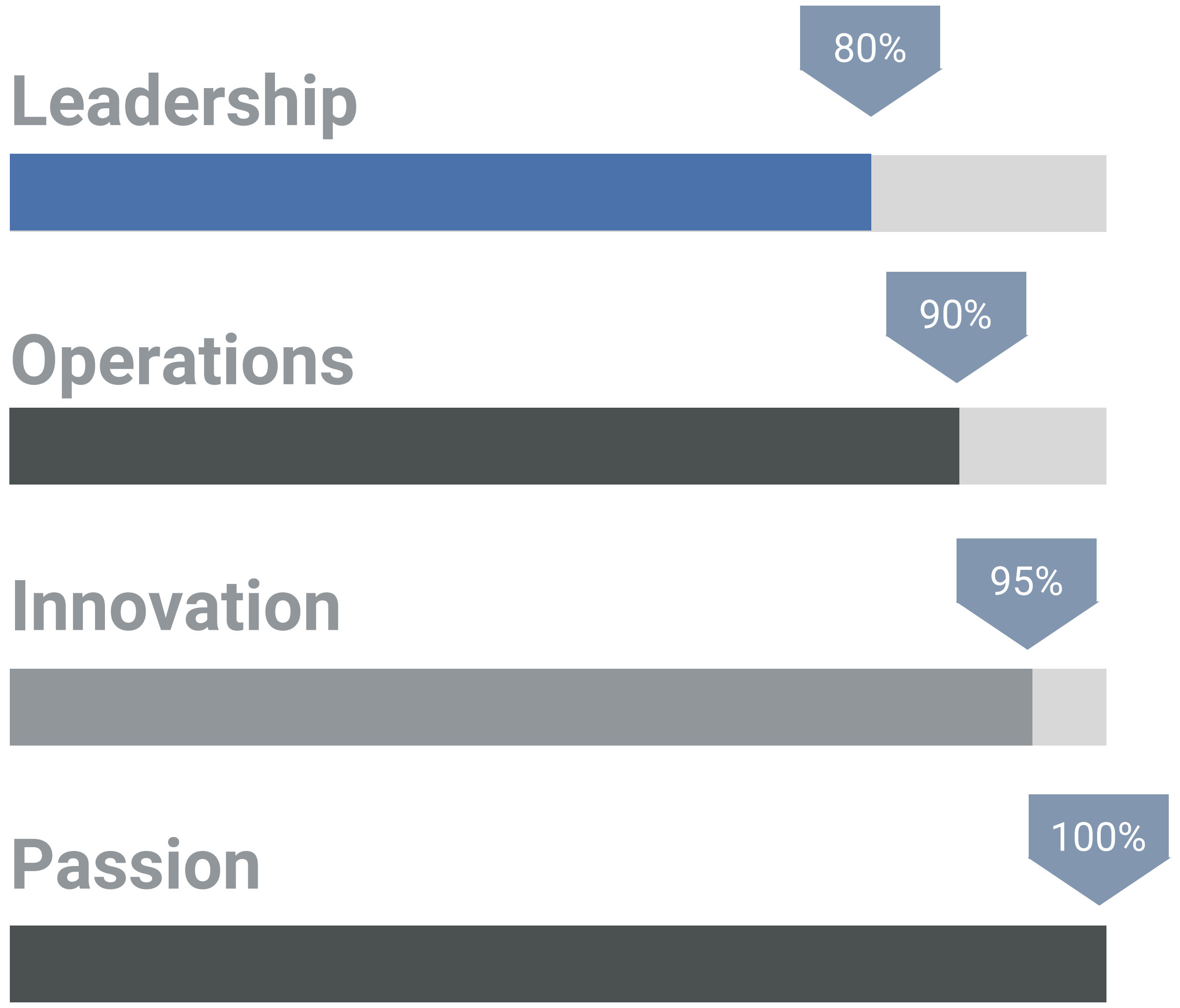
Advisors built Wealth Advisors Trust Company (it's in our name)!

One founder, an estate planning attorney, noticed advisors losing money when they chose a bank or traditional trust company as trustee for their client's trusts.

So, in 2008, he go together with four friends to start an independent trust company in South Dakota. To serve advisors.

People ❤ working with us b/c we are kind and responsive. We are really good at solving trust problems. Why don't we work together?

Skills



AN ADVISOR FRIENDLY TRUST COMPANY

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Wealth Advisors Trust Company is one of the only independent trust companies in America now providing agency trust services for individual trustees which allow family members to bring their trusts in, have them supported by their staff and provide whatever administration might be needed in order to ensure its proper compliance and proper care for the family that it supports.

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