



If you are interested in wealth management and business succession, a key decision is the selection of your "estate executor."

An estate executor is the person or entity responsible for administering your Will, your trust estate and your tax obligations on death. Your estate executor will serve as Trustee and in some instances as a Personal Representative. At Wool Landon, we generally recommend that you name the same person or entity to serve as both your Personal Representative and your successor Trustee. Automatically, that person or entity will be responsible for the tax administration of your estate.

Who will serve as Trustee if you are unable to serve due to death or disability?

Do you want to have a co-Trustee because of the demands of illness or aging, or as an added protection from creditors or predators?

The Trustee steps into your shoes to manage your trust assets if you are unable or unwilling to do so. For example, the Trustee will pay taxes, make or oversee investment decisions, continue to direct your ownership interest in business assets, make distribution decisions, and do all acts authorized under state law and your documents. Co-Trustees will act together to undertake these tasks.

Business owners often want to select another business owner or a member of their own business team. Families often want to select a close relative. Although you may have confidence in a particular individual due to the personal connection, consider that most inexperienced individual Trustees:

- Are unfamiliar with trust law, which is required for a Trustee to make decisions in compliance with the trust document and a vast body of governing law regarding investments, distributions and taxation.

- May not know when to hire experts to assist them in evaluating tax issues, valuing assets, directing your investments and interpreting their duties under a trust document.

- Are unprepared for the amount of time it takes to manage even the modest financial and legal affairs of another person or family.

- Are not bonded and insured to cover the cost of loss. Due to the size and nature of your assets, they may be unable to obtain sufficient insurance and can be held personally responsible for their negligent acts.

If you select a professional Trustee or trust company to serve as your successor Trustee, then your selection will lack some of the personal history with you and your family that you might desire in an individual Trustee. However, a professional Trustee has the following important criteria:

- Subject to state and federal regulations and is insured.

- Understands its legal duties and may have in-house lawyers and accountants who are included in its pricing, reducing the overall costs of the trust administration.

(Continued on reverse.)





Will have a professional and well-thought-out approach to directing the investment of your assets in accordance with your trust document and its duties.

Will immediately understand the significance of the specific time frames and other tax provisions for estates of your size and type. Will (in most cases) have a staff of trust officers who work together so that your trust administration is covered continuously.

Overall, for higher net worth clients and complicated situations, Wool Landon is biased in favor of appointing a professional Trustee or trust company with a history of good practices to serve as Trustee or as co-Trustee upon a client's death or disability. We think there are far more excellent professional Trustees than there are excellent family or business team members serving in that role. There are certainly instances of spectacular professional failures — in those cases there is a fighting chance of recovering the loss. There are at least as many terrible instances of failure with individual appointees who are not adequately insured for their mistakes. After considering the choices, you may still conclude that your family or business member may be the best choice for your situation, serving alone or as co-Trustee with a professional. In either event, your choice of Trustee is an important decision worthy of careful consideration.

