

A man with a grey beard and glasses, wearing a dark suit and tie, is seated and looking down at a smartphone in his hands. The background is a blurred office interior with large windows. The image has a semi-transparent dark overlay.

AGENCY TRUSTEE SERVICES FOR

# INDIVIDUAL TRUSTEES

WE HANDLE THE DETAILS.



TABLE OF CONTENTS



03

THE NEW MODEL  
Trust Services,  
Reimagined.

05

BOOM TOWN  
The trust boom is  
coming.

07

ON DEMAND  
Trust expertise.

08

No Strings Attached

10

WHEN TRUST GO AWRY  
It can happen, trust us.

11

LONG TERM  
SOLUTION  
Options on your terms.

12

CONTACT US  
Feel free to keep in  
touch with our  
company.

## 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 first 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. Either way, not being in control is not an option.

At the very least, they need a lot of on-the-job training and support while they're learning the system. Otherwise, while many trust creators have gotten 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" these accounts are for them and their corporate affiliates. And this raises the stakes on any decision to direct your accounts their way. Instead of a business relationship, many advisors and 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 flux. 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.



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A background image showing a business meeting. Two men in suits are standing and looking at a laptop screen. One man is pointing at the screen. The background is a modern office with large windows and a glass wall. The text is overlaid on this image.

# AGENCY TRUSTEE SERVICES

Now there's a third approach that supports the strengths of both the individual trustee while curbing the excesses of the conventional corporate 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, but nothing's set in stone. Either way, the trustee gets support, the trust is in good hands and you keep your options 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 \$30 trillion is at stake and it's moving into trusts at a rate of maybe \$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 works 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 die.

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 suggesting 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. The regulators have big rule 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 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 push 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 grantors 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.

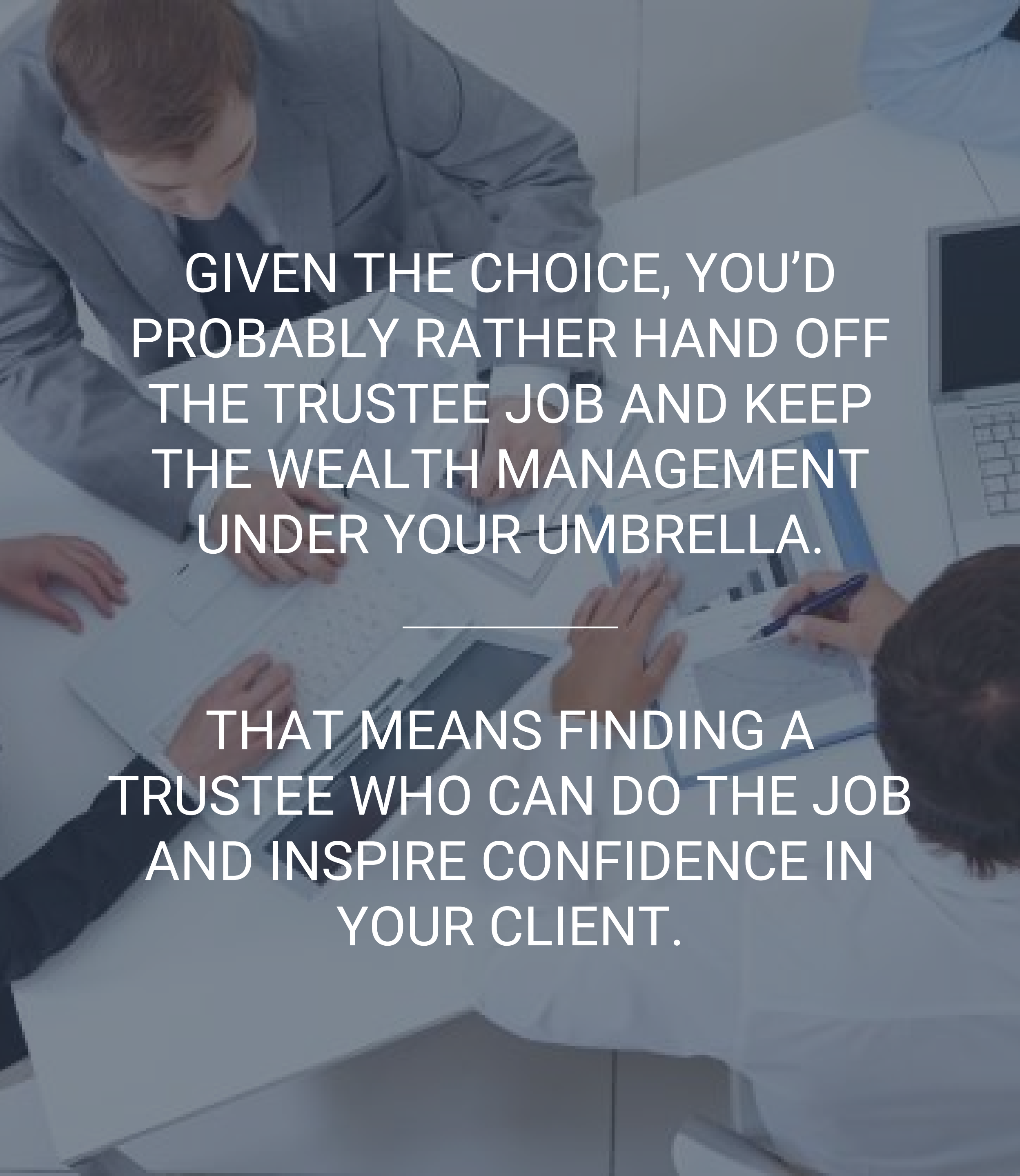
But the odds of an individual trustee getting in over his head are too high for any fiduciary to ignore. Running a trust takes a lot of specialized training and hard work. Missing a deadline or other details can cost the family a lot of money or imperil the trust itself.

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.

A completely impartial and expert 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 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 \$30 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.

A background image showing a group of business professionals in a meeting, looking at documents and a laptop. The image is overlaid with a semi-transparent blue filter.

GIVEN THE CHOICE, YOU'D  
PROBABLY RATHER HAND OFF  
THE TRUSTEE JOB AND KEEP  
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UNDER YOUR UMBRELLA.

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THAT MEANS FINDING A  
TRUSTEE WHO CAN DO THE JOB  
AND INSPIRE CONFIDENCE IN  
YOUR CLIENT.

# 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 needs backup, someone who knows the field. If he wants to learn how to do it himself, he can ease off the support structure as he gets to know the ropes. Otherwise, he can remain an amateur as long as he wants, working with the beneficiaries while the back office trust experts attend to the details dealing with all the 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 concierge-level 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 formal 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 world class trust company to do it all trust administration.



## 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



An overhead view of four business professionals in a meeting. Two men and two women are seated around a white circular table. One man is using a laptop. The image is dimmed to serve as a background for the text.

# NO STRINGS ATTACHED

Long-term arrangements with traditional trust companies have proved to be problematic because trust companies require formidable long-term administrative contracts, want to manage the money themselves and even charge exit fees for moving assets out of the trust.

Due diligence at this level naturally expands to a massive degree. It's like buying a house where you only need a place to keep the assets for a little while as a new trustee finds his footing.

I think we're the only people offering shorter-term administration-only trust relationships, but this is probably going to be the next big thing in the industry. The mutual advantage for all parties is simply too high.





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

9



- The **trust creator** gets to pick whoever he or she likes as trustee, with all the emotional and other benefits that entails.
- The **beneficiaries** get a familiar face as well as a truly neutral administrator behind the scenes ensuring all decisions are made fairly and in accord 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.
- **We** get to put some of the capacity we already built out on our platform to work.

Every intervening minute, the trusts on our platform are properly handled in the background. And in the foreground, the grantors and advisors retain complete freedom of movement. You can recommend whatever investments you like. You retain fiduciary oversight. You have 100% control over custody.

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. Our legal and tax advisors know the statutes and IRS regulations. We'll keep them on track.

# WHEN TRUST GO AWRY



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 of his estate and heads of 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 going to the next generation. Almost 20 years later, Wayne set up an additional nine subchapter S trusts – one for each grandchild – in an effort to reduce his tax bill.

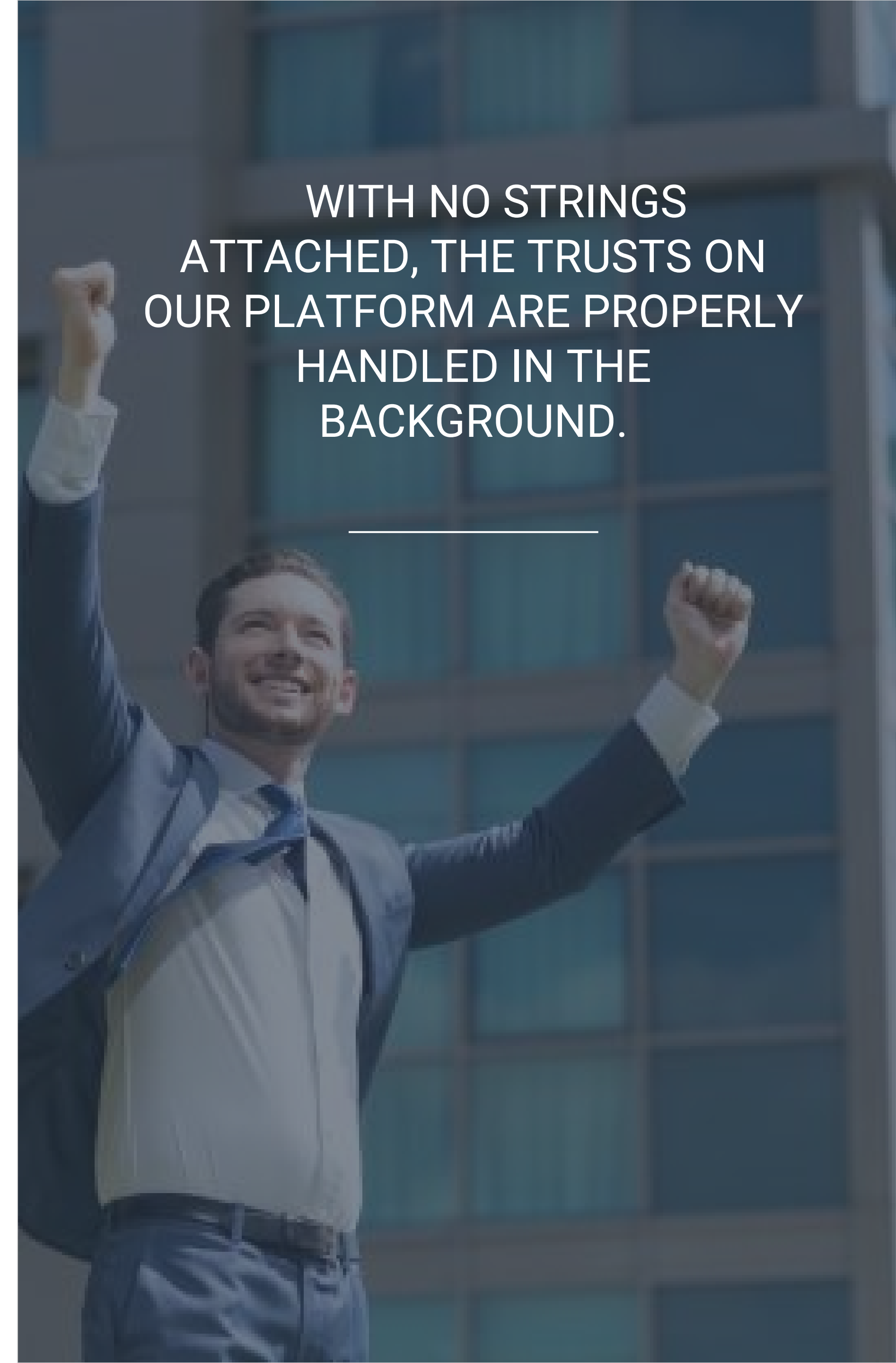
Following Wayne's death in 1991, things rolled along smoothly for a while, until the trustees began requiring the grandchildren to have "meaningful pursuits" and instituting a "monitoring program" to ensure compliance. In 2001, Gary's four children rebelled against the oversight, suing all three trustees 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 nancial 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.

WITH NO STRINGS  
ATTACHED, THE TRUSTS ON  
OUR PLATFORM ARE PROPERLY  
HANDLED IN THE  
BACKGROUND.

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# FINDING A LONG TERM HOME



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 him in the first place have weakened. It's probably time to appoint a corporate trustee for the long term.

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

- **EXPERIENCE:** The trust agency services firm advisor chooses must know how to navigate the everyday processes of running a trust as well as the exceptions that inevitably emerge. Remember, the firm has ultimate responsibility for documenting the distributions and administering the trust. Ask for examples of how the firm dealt with unusual circumstances or stepped in to repair problems that a less adroit administrator or third-party partner created. You want to see proof of experience in record keeping and seamless collaboration between investment advisors, CPAs and attorneys.
- **INDEPENDENCE:** Look for a partner that has no interest in using its access to trust creators and beneficiaries as a prospecting channel. A good trustee may or may not support an in-house wealth management operation, but it will definitely refuse to interfere with existing outside advisory relationships. The investment and custody platform should be completely open architecture: proprietary products are generally a sign of tension ahead.
- **CONFIDENTIALITY:** Deciding how, when and to whom the grantor wants assets distributed is very personal. When working with a trust agency services firm, advisors can be confident that their clients' privacy will be protected. While certain states require full disclosure to beneficiaries, a reputable firm will do all that it can to retain the trust's privacy.

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

A blurred background image of a person's hand holding a pen, with a white horizontal line below the text.

THE IMPORTANT THING NOW  
IS GETTING THAT TRUST INTO A  
COMFORTABLE & SAFE PLACE  
WITH ALL THE AMENITIES.

## WEALTH ADVISORS TRUST MEET OUR CMO



### Christopher Holtby

CMO & Co-Founder

Back in 2007 I was really frustrated with trust company choices. So were my advisor friends. There just wasn't a corporate trust company that suited a client AND their advisor needs.

Well heck, this is America. If it doesn't exist, well then, just make it happen. Myself and a few friends who worked with me at Ernst & Young got together & founded an advisor friendly trust company based in South Dakota. We only do personal trust administration (the boring & detail stuff everyone hates). Managing money, financial planning, & custody are done by advisors.

People ♥ working with us b/c we are easy, simple, efficient and open book. We are really good at solving trust problems. Why don't we work together?



### Skills

Leadership

80%

Administration

59%

Finances

95%

Passion

100%



# WEALTH ADVISORS TRUST

## AN ADVISOR FRIENDLY TRUST COMPANY



### Let's Connect

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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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