



**Chad Fett**  
Executive Vice President / Trust

950 N. Hwy 95  
Bayport, MN 55003

651.351.3761  
chad.fett@fsbt.com

## SO, YOU HAVE AN ESTATE PLAN. WHOM SHOULD THE ADMINISTRATIVE BURDEN FALL ON?

Typically, we look to designate a prudent and dependable family member to act as executor or trustee of our estate. However, is that the wisest choice? Even if we have no concerns about our beneficiaries fighting over our assets, is it fair to place that administrative burden on a loved one, when they are likely not prepared to deal with the day-to-day responsibilities and are grieving the loss of a loved one?

To achieve your estate planning goals it is important to choose your trustee wisely. A good trustee will exercise sound judgement, be fair, and follow the terms of your trust as you have created them. A corporate trustee checks all of these boxes and is an excellent option to consider. Here are some advantages of designating a corporate trustee:

- > **ENSURES TRUST PURPOSE.** Whether the primary purpose is to provide asset protection for your beneficiary, or preserve assets for a spendthrift beneficiary or for future generations, a corporate trustee will administer your trust in good faith and in accordance with the terms and purposes, you have established in your trust agreement.
- > **AVOID NEGATIVE FAMILY DYNAMICS.** Unfortunately, we have seen how family dynamics can quickly change when dealing with the loss of a family member and, as a result, their assets. Therefore, you should consider the relationship between the trustee and your beneficiaries. Will your trustee be comfortable standing up to your beneficiary if necessary? In tricky family circumstances, the best option for the trustee may be an unrelated third party, a corporate trustee.
- > **ELIMINATING THE ADMINISTRATIVE BURDEN.** Even if we are not dealing with a tricky family dynamics, there is still a substantial burden placed on the family member who is designated as a trustee. It requires a substantial amount of time, knowledge and emotional strength. A corporate trustee can eliminate this burden and allow the family to focus on the dealing with the loss of the loved one.
- > **JUDGMENT AND EXPERIENCE.** A corporate trustee will exercise sound judgment in making investment and distribution decisions. Depending on the level and type of assets in your trust, the investment experience of the trustee can be important. A corporate trustee experienced in handling such assets, and acting as the investment advisor, can increase returns.
- > **FAIRNESS.** The lack of a conflict of interest with a corporate trustee helps ensure that the trust will be administered fairly.
- > **ATTENTION TO DETAIL.** Managing assets and keeping track of distributions and other trust matters

requires a certain level of experience, accountability and attention to detail. An experienced corporate trustee can provide this attention to detail.

> **TAX FACTORS.** If your trust is part of an estate tax reduction strategy, there may be important tax considerations in choosing your trustee.

First State Bank and Trust has an experienced trust department that works with clients throughout the St. Croix Valley. They have years of experience in dealing with complex financial issues and are prepared to assist you with your executor or trustee needs. We invite you to contact us at 651.351.3760 if you have any questions about the type of services that we provide.

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