

Choosing Whether to Use a Corporate or Individual Trustee

I. INDIVIDUAL TRUSTEE – PROS

- A. Knowledge of family relationships and dynamics
- B. May be willing to serve without or at a lower fee
- C. May be knowledgeable regarding family investments or businesses
- D. Comfort as to professionalism, knowledge, or skill set of known individual

II. INDIVIDUAL TRUSTEE – CONS

- A. Limited or lack of knowledge of taxes, investments, and/or applicable law
- B. Outsourcing investments, tax, and legal work may result in higher overall costs
- C. Risk of death, disability, absence
- D. Successor issues
- E. Possible conflicts of interest with or between family members and/or beneficiaries

III. CORPORATE TRUSTEE – PROS

A. Specialist personnel for:

1. Investment management
2. Financial advice and assistance for beneficiaries
3. Tax planning and return preparation
4. Applying required support and administrative distribution determinations
5. Preparation of accountings

B. Extensive trust management experience and knowledge of applicable law and procedures

C. Deep pockets in regard to liability for malfeasance

D. Long-term service capabilities (e.g., through multiple generations)

E. Government and association regulation and oversight

F. Fills a need when no suitable individual is available

G. Ability to act in an independent manner

H. Backup staffing in the event of death, illness, or unavailability of principal administrator

I. Computerized record keeping

IV. CORPORATE TRUSTEE – CONS

- A. Lack of familiarity with family relationships and dynamics
- B. Impersonal
- C. Changes in personnel
- D. Mandatory fees
- E. Conservative investing philosophies
- F. Inexperienced personnel
- G. Hostility to real property, closely held business, or single security investments
- H. Bureaucratic delays