

Protecting your assets

How to use a corporate fiduciary for business and personal wealth **Interviewed by Bridget McCrea**

Constantly changing tax laws, rules and regulations are driving the need for the kind of knowledge and oversight that only a corporate fiduciary can provide. Fiduciary services may be offered through banks, trust companies and brokerage firms.

Equipped with the powers necessary to make key financial decisions, corporate fiduciaries are growing in popularity as more business owners realize the value of hiring them to manage, protect and preserve both personal and business assets for ultimate distribution to their heirs.

"Most corporate fiduciaries offer a wide range of financial services to meet the demands of today's sophisticated business owners," says Mark Lumley, vice president of trust administration at NexTier Wealth Management.

Smart Business spoke with Lumley about the value of using a corporate fiduciary and how using one can help a business owner reach success.

Why are corporate fiduciaries important for business owners?

In the past, business owners that needed various financial services may have dealt with multiple advisers. In recent years, however, most corporate fiduciaries, particularly banks, have gone away from just offering traditional trust and estate services, and today offer full wealth management services that include investment management and financial and estate planning. Corporate fiduciaries also offer services such as consulting and succession planning for business owners and their families.

What benefits can a business owner expect from using a corporate fiduciary?

Permanence is one key advantage of using a corporate fiduciary versus an individual fiduciary. A corporate fiduciary will always be there. For example, when someone names a bank or trust company as the fiduciary, even if they are acquired through merger or acquisi-



Mark Lumley
Vice president of trust administration
NexTier Wealth Management

tion, the resulting bank or trust company assumes the fiduciary role. An individual, on the other hand, can die or become disabled, which means you would have to then appoint a successor fiduciary.

Another advantage lies in the fact that a corporate fiduciary is an impartial, disinterested party. If you name an individual to the task, then that person may have a personal bias in the conduct of their duties and responsibilities.

Finally, a corporate fiduciary brings experience and expertise to the table. Because they're in the trenches on a day-to-day basis, they can apprise clients of tax law changes, new regulations and other issues that might affect estate plans, succession plans and other key business strategies.

What challenges come up when working with corporate fiduciaries?

Business owners really need to look closely at the corporate fiduciary's reputation first. Do some research to find out if any actions have been taken against the corporate fiduciary and pay attention to any patterns that could indicate a history of bad business decisions and/or actions.

The other challenge lies in the size of the fiduciary itself. Where some people may gravitate to larger banks or trust companies, others will find what they're looking for in a smaller, community institution that provides personalized customer service. Well equipped to work with affluent individuals, these smaller entities can be a good choice, in that they often have lower minimum account sizes or are void of other barriers that may prevent business owners from taking advantage of larger institutions' offerings.

How does a business owner search for a corporate fiduciary?

If you are a business owner who doesn't already have a relationship with a bank or trust company that provides fiduciary services, you'll want to start shopping around.

Select a corporate fiduciary that you can trust, and that you and your family will feel comfortable working with. Interview a few corporate fiduciaries, and don't get hung up on fees. While fees are an important issue, they're not the only issue to consider. Always meet the corporate trustee's representatives in person, and be sure to consider what they can provide, how you will work together, and how your information is going to be kept private and confidential.

Is the demand for corporate fiduciaries growing?

Yes. As the baby boomer generation begins to retire, boomers will most likely require a fiduciary that is capable of providing complex wealth preservation and distribution services. As a result, this generation of business owners will benefit significantly from a corporate fiduciary's experience and expertise.

MARK LUMLEY is vice president of trust administration at NexTier Wealth Management. Reach him at (888) 262-6331 or mlumley@nexttierwealth.com.