



NORTHERN  
TRUST

*Wealth Management Solutions*

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# FULFILLING YOUR INTENTIONS: CHOOSING THE RIGHT FIDUCIARY

## CHOOSING THE RIGHT FIDUCIARY HELPS ENSURE YOUR INTENTIONS WILL BE CARRIED OUT

As a record of your intentions for your estate and your legacy, a well-conceived wealth transfer plan is essential. However, even when you create such a plan, its ultimate success is not ensured. Fiduciaries –including the executors or trustees you appoint under the plan – play an important role in carrying out your intentions.

Depending on the circumstances, their responsibilities can range from settling your estate and paying taxes, to managing personal and commercial real estate, maintaining account records, making discretionary distribution decisions and communicating with beneficiaries. Your fiduciaries' commitment to your vision and the expertise they bring to their roles impact the implementation of your vision. The range of outcomes your beneficiaries will ultimately experience can vary greatly depending on whom you select.

### **Considerations When Selecting a Fiduciary**

The fiduciaries named in your wealth transfer plan may be family members, close friends, business associates, professionals, trust institutions or some combination of all of the above. Regardless of whom you name, your fiduciary is required to act in your best interest at all times. Given your options, it helps to keep the following framework in mind when selecting a fiduciary.

## FRAMEWORK FOR CHOOSING YOUR FIDUCIARIES

### STEWARDSHIP

Who will carry out your wishes and preserve and protect your wealth for generations to come?

### BENEFICIARY COMMUNICATION

Who will communicate sensitive information, keep the peace, and say no when needed?

### EXPERTISE

Who will maximize tax savings and ensure tax and legal compliance?

### ADMINISTRATION

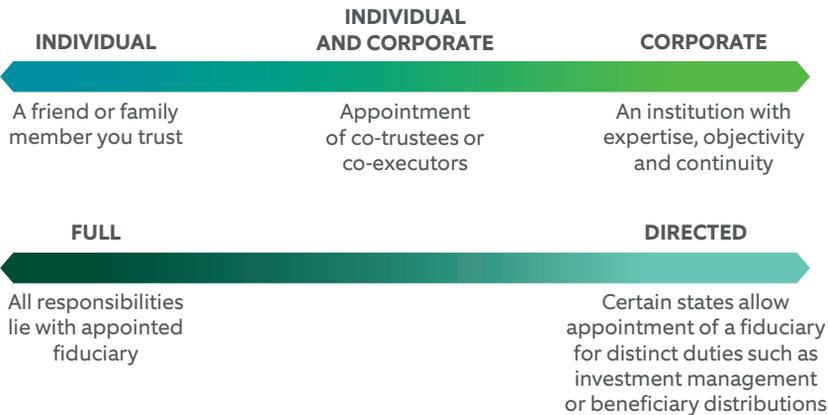
Who can commit to executing ongoing administrative and logistical tasks?

## Stewardship

First, and foremost, fiduciaries are responsible for carrying out your wishes as defined in your estate plan. When selecting a fiduciary, consider whether the person or institution understands your vision for your wealth and whether you trust that they will honor your intentions. Individuals or family members who know you well might be appropriate given these criteria, but consider that institutions may be better positioned to carry out the complex or difficult elements of your wealth plan.

When considering trustees specifically, be sure to appoint successors for any individual trustees you name. Having corporate trustees can be very useful in this regard. Either in a sole capacity or as a co-trustee of your trust, when working alongside a family member or close associate, they can help provide continuity across generations.

## You Have a Range of Options When Appointing Fiduciaries



## **Beneficiary Communication**

Communicating with beneficiaries is an important aspect of the role of a fiduciary. Both executors and trustees are responsible for keeping beneficiaries informed, communicating sensitive information and sometimes navigating conflict. You will want to choose someone who can bring the right level of diplomacy and objectivity whenever needed.

## **Expertise**

Because fiduciaries are required to interpret the terms of your estate plan and related trusts, coordinate with any creditors and prepare tax returns, it is beneficial if they also have the deep tax and legal knowledge required to ensure compliance with applicable laws. Trustees are liable for any decisions or actions they take. Where unique assets – such as family businesses, commercial real estate or agriculture – are involved, special skills also may be required to manage and maintain those assets once the estate is settled.

## **Administration**

A myriad of logistical and administrative tasks are required over the course of an estate settlement or when administering a trust on an ongoing basis. Consider whether the fiduciaries you choose have the organizational skills, attention to detail and – quite simply – the time to address what needs to be done. An individual who is close to you and acting as executor may find these tasks overwhelming during what could be a very difficult time. If you appoint an institution as co-executor or co-trustee, it can remove the administrative burden from individuals you may still want acting on your behalf.

## THE ROLES OF EXECUTORS AND TRUSTEES

### EXECUTORS

Executors, which are referred to as personal representatives in some jurisdictions, carry out the instructions in your will.

Their responsibilities include:

- Working with your attorney to petition for appointment as Executor
- Collecting all of the assets held in your individual name
- Creating estate accounts and managing assets
- Settling debts and expenses
- Managing any personal and commercial real estate
- Calculating cash needs
- Supervising operation of the family business
- Determining all asset values
- Providing allowances to support family as legally authorized
- Obtaining pension, Social Security and other death benefits
- Filing all required state and federal income, gift and estate tax returns
- Allocating assets between beneficiaries or trusts
- Managing any tax audits

### LENGTH OF ROLE

Ends when the estate is settled – a process that can take months to years.

## TRUSTEES

Are responsible for carrying out the terms of your Trust(s).  
Their responsibilities include:

- Establishing investment policy and managing assets
- Balancing the interests of multiple beneficiaries
- Making distributions as the Trust provides
- Managing personal and commercial real estate
- Supervising the operation of the family business
- Collecting interest and dividends
- Assisting beneficiaries with wealth planning
- Protecting personal and data privacy
- Dividing and distributing assets at the Trust's termination
- Projecting and paying annual taxes and providing each beneficiary with tax reporting information

## LENGTH OF ROLE

Can span decades and multiple generations depending on the duration of the trust.

## **WHY NORTHERN TRUST**

At Northern Trust, our approach to delivering trust services is informed by over a century of ensuring that what serves your needs today will continue benefitting your family and legacy for decades to come. Consider naming Northern Trust as your Executor and Trustee, and allow us to ensure that your wishes under your wealth plan are carried out as you intended.

## **UNRIVALED EXPERIENCE AND BREADTH OF EXPERTISE**

With more than 130 years of experience advising some of the wealthiest individuals and families across the globe – including, over 25% of the Forbes Wealthiest 400 Americans – there is no problem for which we do not have relevant experience. And, unlike many wealth managers who focus primarily on investing, when you choose us to serve as your fiduciary, you gain access to an unrivaled depth and breadth of expertise across all aspects of your financial plan, including trust and estate services, investment management, banking, wealth transfer, tax management and more.

Our holistic approach also extends to coordinating with your other advisors, such as attorneys and accountants, to ensure nothing is missed. This willingness to collaborate and coordinate allows you to feel confident you have the most effective plan in place and further strengthens our ability to serve both your needs and those of future generations.

To learn more about how your wealth transfer plan can benefit from appointing Northern Trust as your corporate fiduciary, contact David Garten, Practice Lead at +1 216-357-2435 to request a meeting.

+100K  
fiduciary relationships globally

Nearly  
700  
dedicated professionals

\$70 billion  
fiduciary assets under  
management

15  
ACTEC members\*

20  
years average financial  
services experience

12  
years average tenure  
at Northern Trust

22,000  
family business, real estate, agriculture and oil & gas assets managed  
by our specialized team – valued in excess of \$10 billion

\*The American College of Trust and Estate Counsel is a peer-elected group of attorneys representing the best and brightest in the trust and estate practice with many years of experience of advising families.

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