



Commonwealth
TRUST COMPANY

Together

An Independent Delaware Trust Company

Commonwealth Trust Company is a trust company dedicated to ensuring that the services provided exceed your expectations.

Trust Us With Your Family Legacy[®]

Commonwealth Trust Company is a trust company dedicated to providing exceptional services to help preserve your family's legacy. We are in the business of administering trusts. It means we hire only the most qualified trust administrators, attorneys, and tax professionals who master the in-depth guidelines and limitations of each trust. Our services are straightforward and provide the highest value for each individual trust. Our administrators are not only familiar with the ins and outs of trust administration, but, also with the ins and outs specific to your trust and your family.

Our team is committed to understanding your personal goals for the trust. Like the Court of Chancery here in Delaware, we consider the grantor's intent to be the cornerstone of good trust administration. We are able to determine this through conversations with you, on-going reviews of your trust document, and listening to you and your family. Our team works to understand and grow with your family, recognizing each situation requires flexibility and effective communication. This is why we feel it is important to ask questions in the beginning of our relationship to determine what the trust document is intended to do, what your specific concerns are for your family and what role the trust is intended to play in the life of your family. This is also why we review the trusts during the drafting stages, so we can prevent misunderstandings and ensure that we are fully aware of the estate planning goals you are attempting to achieve not only in your lifetime, but, for generations to come. Having worked with so many families and their advisers, we are often able to add some insights as to the practical side of administering the trust which are often overlooked. Our end goal is to form a lasting partnership.

We recognize that you have a choice when selecting a trustee, which is often a decision that is entered into with a great bit of trepidation. It is not easy to trust a bank or other financial institution with assets that you have worked hard to acquire and the legacy that you are preparing to leave for your family. That is why we feel our independence is so important. With over 85 years of experience as an independent trust company in Delaware, our team is well versed in the Delaware Advantage and providing directed trustee services while leaving control over investments to you and your team of trusted advisers. This allows our focus to be entirely on trust administration, preventing conflicts of interest with regard to distributions and investments and allowing you to continue to work with your existing team of advisers. The options with a directed trust are limited only by the plan itself. We're a team of lifelong partners whose doors are always open, and you can trust us with your family legacy.

Sincerely,



CAROLINE HORTY DICKERSON, CBC
Chief Executive Officer



CYNTHIA BROWN, J.D., TEP
President



Delaware Trust Advantage

- The **DELAWARE COURT OF CHANCERY** is widely recognized as the nation's preeminent forum for the determination of disputes involving trusts. It is a court of equity with over 250 years of case law to draw upon and has exclusive jurisdiction over all matters of Delaware trust administration and trust interpretation.
- **TRUST LEGISLATION** is both proactive and forward thinking, keeping as its primary goal the enforcement of the grantor's intent. Historically, Delaware has been one of the first states to pass innovative trust legislation such as the repeal of the rule against perpetuities allowing dynasty trusts, asset protection legislation, directed trust legislation, virtual representation, total return trusts and tenancy by the entireties property in trust.
- **DYNASTY TRUSTS** are possible in Delaware as the rule against perpetuities was repealed by Delaware in 1995 per 25 Del. C. §503.
- Delaware allows for the creation of non-charitable **PURPOSE TRUSTS** per 12 Del. C. §3556.
- The **DIRECTED TRUST STATUTE** allows the complete bifurcation of trustee duties so that separate advisers are able to direct the investment and/or distribution of trust assets without the trustee incurring liability for the actions taken by those advisers under 12 Del. C. §3313, thus allowing a settlor to utilize existing advisers in their trust planning. In addition, Section 3313A allows for the bifurcation of responsibilities amongst co-trustees.
- **CONFIDENTIALITY** is permitted with regard to trust matters as there is no requirement that trusts be registered in Delaware nor that periodic accountings be filed with the court for supervision per 12 Del. C. §§3303, 3522. Where a Delaware trust does become involved in litigation or otherwise utilize the court system, the matter may be filed under seal so as to ensure continued privacy.



Delaware Trust Advantage

- Delaware's **DECANTING STATUTE** allows the simplified transfer and modernization of trusts through the use of a trustee's distribution powers pursuant to 12 Del. C. §3528.
- **CREDITOR PROTECTION** can be accomplished through the Delaware Qualified Dispositions in Trust Act under 12 Del. C. §3570, et al. These trusts can also be used for prenuptial planning so long as the trust is created and funded prior to the date of marriage.
- The **TAX ADVANTAGES** offered by Delaware trusts include no state income tax on ordinary income or capital gains accumulated within a Delaware resident trust per 30 Del. C. §1636(a). This is particularly useful to grantors in saving state-level capital gains tax when selling a closely held business owned by a DING trust.
- **SILENT TRUSTS** are possible in Delaware as beneficiary notification can be eliminated for a period of time per 12 Del. C. §3303(a), which is particularly useful when used in conjunction with a Designated Representative.
- **TENANCY BY THE ENTIRETIES PROPERTY** can be contributed to a Delaware trust without losing its character as tenancy by the entireties property per 12 Del. C. §3334, thus affording the settlors a second layer of asset protection.
- Delaware law permits the settlor to establish **LIBERAL INVESTMENT POLICIES** within the trust document. If not provided for within the trust document, the Delaware Prudent Investors Rule is also quite liberal and a trustee can invest in any manner that it deems appropriate taking a global view of the portfolio rather than looking at each investment in isolation per 12 Del. C. §3302.

Directed Trustee

The concept of a directed trust has been around for more than a century. In its earlier form, wealthy families used directed trusts to restrict a trustee's ability to negotiate for a family business or other significant asset. In addition to the third-party trustee, these trusts involved advisers (typically a family member or business associate) who (1) would direct the trustee in matters related to the family business, (2) determine the appropriate time to sell an asset or otherwise dispose of it, or (3) simply provide guidance to a trustee with regard to family matters. Today, this concept of split duties continues through the use of directed trustee statutes. Under Delaware's statute, there is a complete bifurcation of duties, such that any actions taken by a trustee at the direction of an adviser limits the directed trustee's liability as to that action. The adviser, as a co-fiduciary, has his or her own relationship with the beneficiaries and acts in the adviser's sole discretion. This structure allows a Delaware trustee to be solely an administrative trustee and thus limit the administrative trustee's responsibilities. These administrative duties need to include certain minimum responsibilities to establish situs in Delaware.

BIFURCATION

DISTRIBUTION

INVESTMENTS

DIRECTED TRUSTEE DUTIES FOR
DELAWARE SITUS PURPOSES

Administrative Duties Performed by the Directed Trustee

ADMINISTRATIVE SERVICES

- Administers trust in accordance with the trust agreement
- Maintains trust records
- Manages fiduciary risk
- Ensures continuity of administration during time of grantor's incapacity or disability, as well as in perpetuity
- Custodies or otherwise holds title to trust assets
- Maintains the trust's Delaware situs
- Conduct annual administrative review of each trust

TAX SERVICES

- Maintains tax records, including tax basis adjustments
- Prepares and files fiduciary income tax returns and informational returns (FBAR, 3520, etc.)
- Provides annual tax information to beneficiaries

ACCOUNTING SERVICES

- Maintains principal and income accountings
- Maintains Trust Records
- Processes investment and/or distribution directions
- Processes expense payments

In many instances, Commonwealth is also the trustee with authority over distributions from the trust, wherein it applies the appropriate discretionary standard to make decisions in the manner established by the grantor of the trust.

Your Family's Legacy is in the Right Hands

COMMONWEALTH TRUST COMPANY...

- **ADMINISTERS OVER 1100 TRUSTS**, ranging in assets from one million to in excess of one billion dollars for very successful families. Among our administered trusts are those created by several former chief executives of Fortune 500 companies, charitable remainder trusts created by a Fortune 200 company, and trusts for a number of the 100 wealthiest Americans (Forbes). The trusts we administer often include complex planning and administrative concerns such as holding non-traditional assets and international planning considerations. From the simple to the complex, we make trust administration understandable.
- **IS A STATE CHARTERED, NON-DEPOSITORY TRUST COMPANY** located in Wilmington, Delaware and overseen by the Office of the State Bank Commissioner of Delaware. We enjoy very high client retention rates and benefit from a large number of referrals due to the quality of our services and the close relationships that we build with our clients and their advisers.
- **FOCUSES ON ADMINISTERING EACH TRUST** properly and professionally, approached from a team perspective to reach the desired outcome in an efficient and economical manner for our client while ensuring compliance with the trust document, relevant law and tax reporting. Commonwealth's income is earned exclusively through annual fees. We do not cross sell or offer any proprietary products.
- **SPECIALIZES IN SUPERIOR PROFESSIONAL TRUST ADMINISTRATION** services while allowing our clients to maintain their existing team of wealth management, financial and legal advisers located all over the world. We work closely with these advisers to maximize the quality of service and objective representation of our clients, and to assist in achieving our clients' overall estate planning objectives. We serve as part of a team whose goal is to find the best solutions for our clients.

It is our job to make the complicated easier to navigate and create a smooth administrative experience.

"They're reliable. I can depend on Commonwealth when something needs to get done quick."

Grant Herrmann Schwartz & Klinger LLP

Successful Partnerships with Advisers

Commonwealth works with a client's attorneys, accountants, and financial planners. Unlike bank trust departments, Commonwealth does not offer investment management services thus protecting the professional advisers' client relationship. We work collaboratively with the client and the other advisers to achieve trust administration which is efficient, economical and result oriented. Our team is the perfect complement to advisers, not their competition.

"Their help with taxes has been really outstanding. Really an A+ organization."
Beaulieu Tracy Wealth Management Group
of Wells Fargo Advisors

More than 85 Years of Independence

At Commonwealth, the officers, directors and employees have majority owned our stock since 1931. We do not sell, nor are we looking to sell any proprietary products. We are compensated for our services through annual fees. (For information on pricing, please contact us via email at businessdevelopment@comtrst.com). Because of our independence, we work with advisers and brokers from all over the world, and we plan to keep it that way. Our company flourishes because of the high-quality services we provide with an independent and impartial attitude, not because of any particular alliance or joint venture with outside firms. Because of the closely held ownership of our stock, Commonwealth will remain independent, even in the ever-changing world of bank mega-mergers.

Rest assured, our team will work closely alongside yours, so we can better preserve our clients' legacies—together.

"Commonwealth is sophisticated and knows what they're doing. They have expertise."

Anonymous Client

expertise

