



KENNETH R. MORGAN, CFP®, CIMA®, CEPA, CTFA, AEP®

SAFEGUARDING LEGACY: THE CASE FOR CORPORATE TRUSTEES IN WEALTH MANAGEMENT

BY KENNETH R. MORGAN, CFP®, CIMA®, CEPA, CTFA, AEP®
CHIEF OPERATING OFFICER, CLEARSTEAD TRUST

Today, as much as ever, financially successful families grapple with decisions that shape the destiny of their family legacy. The pivotal decision of choosing the trustee for the trusts that govern family assets is one of the most important factors in ensuring the preservation and growth of family wealth.

A trustee is responsible for overseeing the assets held in a trust—making critical investment and distribution decisions. Trustees can be individuals, entities, or trust companies and can serve families in a variety of ways. There are several reasons a family should consider a corporate trustee—otherwise known as an independent trust company—for this role. Independent trust companies provide a unique corporate structure compared to that of the individual or family member trustee and offer permanence with fiduciary standards while remaining flexible enough to address family needs and objectives. Independent trust companies are objective, reliable, and offer knowledge and expertise set around deep, collaborative corporate resources.

On the following page are examples of how a corporate trustee can make a difference in family legacy planning.

CLEARSTEAD CONTINUES TO BOLSTER TEAM WITH NEW TALENT

We are pleased to announce that we have added talent to the Private Client, Institutional Consulting, and Reporting and Operations teams with Andrew Awad, Tyler Colton, Ben Kaplan, Shuya Liang, Dominic Caserio, Claire Xu, Emily Beiswenger, and Irene Ye, respectively.

Andrew Awad has joined Clearstead as Managing Director – Private Client Group. Andrew has completed his MBA at Georgetown University and has a BA from Wake Forest University. He was most recently a Senior Equity Research Associate at Palisade Capital with previous experience at Franklin Templeton Investments.

Tyler Colton has joined Clearstead as a Senior Financial Planning Associate. Tyler has a BS Business Administration, majoring in Accounting from West Virginia University. He is a CPA/PFS and CFP. Prior to joining Clearstead he was employed as a Wealth Advisor at Fairport Wealth Management.

Ben Kaplan has joined Clearstead as a Client Planning Associate. Ben has a BS in Accounting from Touro College. He was previously employed at Buchbinder Tunick & Company in New York as a Tax Accountant.

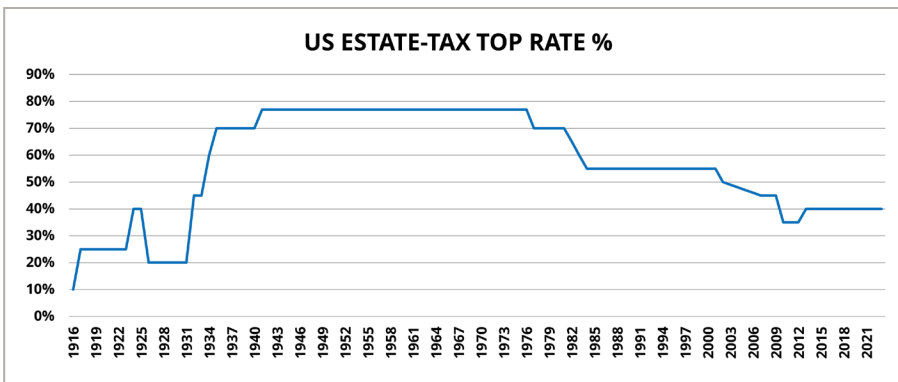
Shuya Liang has joined Clearstead as a Client Planning Associate, Tax. Shuya has a BA in Business,

SAFEGUARDING LEGACY: THE CASE FOR CORPORATE TRUSTEES IN WEALTH MANAGEMENT

BY KENNETH R. MORGAN, CFP®, CIMA®, CEPA, CTFA, AEP®
CHIEF OPERATING OFFICER, CLEARSTEAD TRUST

THE ROCKEFELLER FAMILY: LESSONS IN WEALTH PRESERVATION THROUGH A CORPORATE TRUSTEE⁽¹⁾

When John D. Rockefeller, America's first billionaire, passed away, the exemption amount (the dollar amount that the government allows you to pass free of gift and estate taxes) was \$40,000 per person and the tax on the excess was 70%. Today, the estate tax exemption is almost \$14 million dollars per person and the tax on the excess is 40%. (See chart below.)



Source: Clearstead, IRS, 12/31/2023.

Mr. Rockefeller's net worth was approximately \$1.4 billion dollars at his passing and the Rockefeller family, with its meticulous and thoughtful approach, opted for a corporate trustee, which contributed to the endurance and growth of the family fortune over generations. While many family members qualified to serve as an individual trustee, they understood the value of a corporate trustee's expertise, impartiality, and institutional support. Corporate trustees bring a depth of knowledge drawn from cross functional perspectives, and a commitment to long-term capital preservation, with the goal of safeguarding family assets across generations.

In addition to selecting a corporate trustee, the Rockefellers worked together with their corporate partners to develop customized estate plans, establish a family constitution, promote generational stewards, provide family education, and implement family governance, all of which contributed to the multi-generational success of the family legacy we know and admire today. While the Rockefeller example is an extraordinary one, a corporate trustee can serve in this capacity regardless of where you are on the wealth continuum.

CONTINUITY: THE STEADY HAND OF CORPORATE TRUSTEES

One of the primary purposes of engaging a corporate trustee is lasting continuity, because as an entity, the corporate trustee continues in perpetuity. Individuals, no matter how dedicated, are vulnerable to life's uncertainties—

majoring in Accounting from Cleveland State University. She has experience as a Staff Accountant at Pease Bell CPAs and as an Assistant Accountant at Turner Construction.

Dominic Caserio has joined Clearstead as a Client Planning Associate. Dominic is a recent graduate of Xavier University with a BS Business Administration, majoring in Finance and minoring in Accounting. His most recent internship was with CBIZ.

Claire Xu has joined Clearstead as an Associate, Institutional Consulting Group. Claire has a BA in Finance from Case Western Reserve University. She joins us from Hirtle, Callaghan & Co where she worked as an Investment Strategy Analyst. Prior to joining Hirtle, Callaghan, Claire gained experience as a Portfolio Management Analyst at MAI Capital Management.

Emily Beiswenger has joined Clearstead as a Client Service Associate. Emily has her MBA from the University of North Florida. She most recently worked as a Transition Specialist at J. Kelly & Associates.

Irene Ye has joined Clearstead as a Performance Analyst. Irene has completed her BS Business Administration from University of Oregon, majoring in Economics. She recently completed her MS in Finance from University of Illinois with an emphasis in Data Analytics and Data Science. Prior to returning to school for her masters degree, Irene was employed at Everbright Securities in China as a Fund Manager Assistant.

These changes underscore the firm's commitment to building its investment consulting practice, promoting the next generation of leadership, and maintaining a rigorous investment process.

SAFEGUARDING LEGACY: THE CASE FOR CORPORATE TRUSTEES IN WEALTH MANAGEMENT

BY KENNETH R. MORGAN, CFP®, CIMA®, CEPA, CTFA, AEP®, CHIEF OPERATING OFFICER, CLEARSTEAD TRUST

illness, incapacitation, or sudden demise—as well as intra-family disagreements and resentments. These unforeseen events can disrupt the management of trusts and estates, leading to unintended and even detrimental consequences.

Corporate trustees provide a strong foundation to build institutional knowledge about the family, which facilitates smooth transitions across generations. Unlike individual trustees, a corporate trustee remains a consistent and reliable resource for the family. Families can trust that the corporate trustee will continue to manage their assets in accordance with their estate plan, following the intentions established in the documents.

FULL-TIME COMMITMENT: THE PROFESSIONAL EDGE

Serving as a trustee requires a comprehensive understanding of financial markets, legal intricacies, and evolving tax regulations. A corporate trustee role is fulfilled by a team of professionals whose full-time job is navigating these complexities amid an ever-changing landscape of laws and market changes.

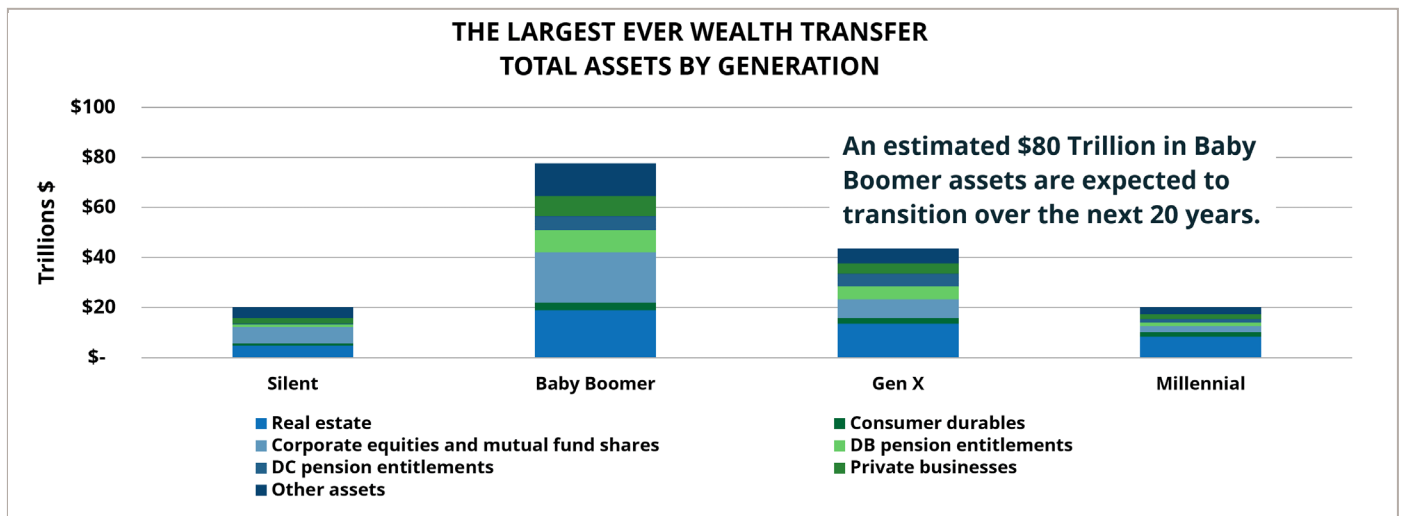
Moreover, corporate trustees operate within a regulated institutional framework which provides additional oversight to ensure important policies and procedures are maintained. This regulatory oversight provides a safeguard for families, making certain that the trustee adheres to best practices of accountability and ethical conduct.

PRESERVING FAMILY HARMONY

Engaging a corporate trustee goes beyond financial acumen; it also serves to preserve the emotional fabric of families. Naming a family member as trustee with responsibility to make distribution decisions can cast a shadow on family relationships, making annual gatherings like Thanksgiving dinner difficult or nonexistent. The neutrality of a corporate trustee ensures distribution decisions are objective and void of personal biases.

While it may seem that no one is more invested in the success of the family than a relative or friend, a corporate trustee, guided by impartiality and adherence to established guidelines, reduces the potential for family discord.

In closing, as the largest wealth transfer recorded in history unfolds in front of us, the decision and role of the trustee has become one of the most important decisions families will make. (See chart below.)



Source: Clearstead, Federal Reserve Z.1 Q3 2023g.

The engagement of a corporate trustee is a strategic imperative for families looking to secure their financial legacy. In this era of unprecedented financial transfers, families who wish to have their legacy live on for generations should make the choice to engage a corporate trustee.

SAFEGUARDING LEGACY: THE CASE FOR CORPORATE TRUSTEES IN WEALTH MANAGEMENT

BY KENNETH R. MORGAN, CFP®, CIMA®, CEPA, CTFA, AEP®, CHIEF OPERATING OFFICER, CLEARSTEAD TRUST

Source:

(1) <https://trustandwill.com/learn/rockefellers-vs-vanderbilts>

Information provided in this article is general in nature, is provided for informational purposes only, and should not be construed as legal, tax or investment advice. These materials do not constitute an offer or recommendation to buy or sell securities. The views expressed by the author are based upon the data available at the time the article was written. Any such views are subject to change at any time based on market or other conditions. Clearstead disclaims any liability for any direct or incidental loss incurred by applying any of the information in this article. All investment decisions must be evaluated as to whether it is consistent with your investment objectives, risk tolerance, and financial situation. You should consult with an investment professional before making any investment decision.

Performance data shown represents past performance. Past performance is not an indicator of future results. Current performance data may be lower or higher than the performance data presented.

*Clearstead Trust is a Maine-chartered non-depository trust company located in Portland, Maine. Our mission is to help wealthy families meet their financial objectives and achieve their aspirations, building stronger futures for their families, their communities, and themselves. We fulfill our mission by integrating trust services with investment management and leveraging the resources of our parent company for financial planning, tax planning and compliance, and family office services.

Clearstead Trust employs 12 professionals and has access to the full resources of its parent, Clearstead Advisors, LLC, a financial advisory firm headquartered in Cleveland, Ohio. As a corporate trustee, Clearstead Trust serves as a permanent and objective solution to managing a family's wealth. While individual trustees – family members or friends – are frequently susceptible to turnover or tension between family members, a corporate trustee such as Clearstead Trust offers continuity, objectivity, and a professional approach to meeting family financial goals over generations. As an investment advisor, Clearstead Trust has a long history of providing high-quality investment management to wealthy families. For more information, please see our website www.clearsteadtrust.com.

MARKET BENCHMARK RETURNS

February 29, 2024		1M	3M	12M	YTD
US Large Cap	S&P 500	5.3%	12.0%	30.5%	7.1%
US Small Cap	Russell 2000	5.7%	14.0%	10.0%	1.5%
Developed Intl	MSCI EAFE	1.8%	7.9%	14.4%	2.4%
Emerging Intl	MSCI Em Mkt	4.8%	3.8%	8.7%	-0.1%
Real Estate	NAREIT	1.8%	5.5%	4.2%	-3.1%
Core Fixed	BarCap Agg	-1.4%	2.1%	3.3%	-1.7%
Short Fixed	BarCap 1-3Yr	-0.4%	1.2%	4.6%	0.0%
Long Fixed	BarCap LT G/C	-2.4%	3.7%	1.6%	-3.9%
Corp Debt	BarCap Corp	-1.4%	2.5%	5.7%	-1.6%

Source: Bloomberg
 The performance data shown represents past performance. Past performance is not an indicator of future results. Current performance data may be lower or higher than the performance data presented.