

THE Delaware Advantage

- ☑ Delaware law allows the formation of asset protection trusts which shield assets from certain classes of creditors and allow the settlor of the trust to remain a potential beneficiary.
- ☑ There is no Delaware income tax on ordinary income or capital gains accumulated or distributed to non-resident beneficiaries.
- ☑ There are no Delaware intangible personal property taxes.
- ☑ Delaware allows the creation of dynasty trusts which can last indefinitely without imposition of additional estate or gift taxes.
- ☑ Trust accounting rules are streamlined and may be eliminated if the settlor so desires.
- ☑ Delaware law recognizes spendthrift trusts and provides virtually complete protection from claims of creditors for a trust beneficiary, especially if the trustee is a Delaware bank or trust company.
- ☑ Delaware does not require trust agreements to be filed or recorded, and if they are subject to litigation, the Chancery Court has been willing to place the court record under seal.
- ☑ Delaware permits the settlor of a trust to limit the number of beneficiaries who are to receive notice of the trust, both during the settlor's lifetime and after his or her death.
- ☑ Delaware permits the settlor of the trust to establish his or her own investment policy in the trust instrument, and permits the use of investment advisors of their own choice to advise the trustee without breaching the trustee's fiduciary responsibility.
- ☑ The Chancery Court has a history of seeking to determine the settlor's wishes and the settlor's intention, as demonstrated in the trust instrument.
- ☑ Delaware law permits decanting.

Commonwealth Trust Company

*An Independent Delaware Trust Company
Established in 1931*

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About Commonwealth Trust Company

Commonwealth Trust Company is a non-depository trust company that serves as Corporate Trustee for various types of Delaware situs trusts including:

- ☑ The Delaware Dynasty Trust
- ☑ The Delaware Asset Protection Trust
- ☑ Life Insurance Trusts
- ☑ GRATS
- ☑ Charitable Trusts

What makes our service unique is that we only perform trust administration, offering you the resource needed to take advantage of Delaware trust law while working with your current trusted advisors and never replacing them.

Since we only perform administrative services and do not provide investment services, our structure permits you to use your existing investment advisor. Delaware law also permits you to use a distribution advisor and a trust protector of your choosing.

We are professional trust administrators with a well trained, responsive staff. Our goal is to provide our clients with the best service experience.

With our staff of highly skilled professionals, Commonwealth Trust Company offers you and your client experience and integrity. We have been engaged in trust services for over 75 years gaining extensive expertise in business and fiduciary matters. You will benefit from our expertise and will find we respond quickly and efficiently to all trust matters.

Commonwealth Trust Company

Engaged In Trust Administration Since 1931

The Delaware Asset Protection Trust



Benefits of Delaware Trust Law

How to Take Advantage of Delaware Trust Laws

Corporate Versus Individual Trustees

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The Typical Trust Structure. Delaware law permits the appointment of investment advisors (the advisor may even be the settlor of the trust), trust protectors and distribution advisors, none of whom are required to be residents of Delaware, so long as a Delaware trust company is serving as trustee. Commonwealth Trust Company, as your independent trustee, requires only that you utilize an independent investment advisor.

Protecting Assets With The Delaware Asset Protection Trust

When implementing an overall financial plan, seeking methods to protect assets should be a priority. Delaware Asset Protection Trusts may offer this protection. The asset protection trust, if properly established and administered, should be an effective part of one's overall financial plan.

In 1997, Delaware developed an alternative to complex foreign trust arrangements and enacted a statute specifically designed to permit a settlor to be a beneficiary of a trust and, absent fraudulent conveyance, have protection from claims of existing or future creditors.

After transferring assets to a self settled trust, the Delaware statute permits a settlor to receive distributions as:

- 1) A potential beneficiary,
- 2) An income beneficiary, or
- 3) A beneficiary subject to an ascertainable standard.

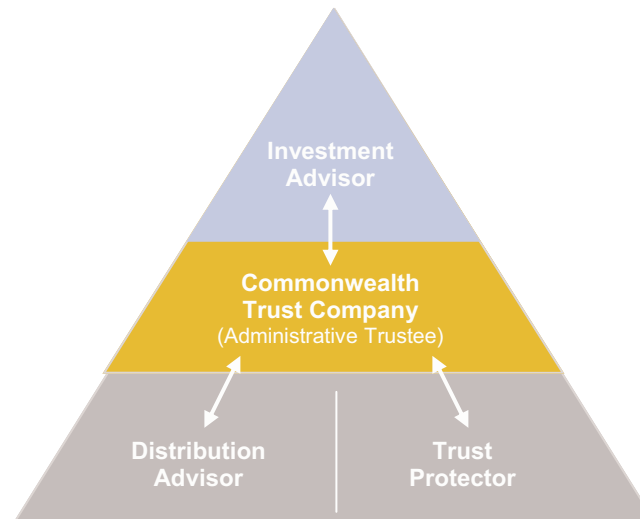
The settlor may also serve as investment advisor to the trust and exercise a veto power over distributions from the trust. Generally, the trust may be structured to "include" or "exclude" the trust assets from the settlor's estate.

Commonwealth Trust Company, located in the State of Delaware, gives you a resource to meet Delaware law requirements regarding Delaware Asset Protection Trusts. Delaware law requires that the trustee be located in Delaware and that the trustee "materially participate" in the administration of the trust. Commonwealth Trust Company meets both requirements by providing you with Trust Administration. In fact, we've been providing Trust Administration since 1931.

What a Delaware Asset Protection Trust Does Not Protect

While the Delaware Asset Protection Trust does not permit the settlor to defraud creditors through fraudulent transfers to a self settled trust, the law does protect the trust's assets against creditors (when fraudulent conveyance is not a factor) other than:

1. Domestic relations creditors.
2. Personal injury and property damage creditors that existed before the trust was created. These creditors are permitted to bring claims against the trust assets.
3. Alimony or property settlement claims against settlors who were married when the trust was established.



**This information is not meant to convey legal or tax advice. You should contact the appropriate advisor on these matters.*

What We Require To Serve As Trustee To A Self Settled Trust

Commonwealth Trust Company requires satisfactory review of background checks, the last two years' income tax returns, a personal financial statement and a solvency letter prior to agreeing to serve as trustee for a self settled trust. Also, it is important for the settlor to understand the importance of being solvent both before and after the trust is established.

When Considering a Corporate Trustee, Consider Commonwealth Trust Company

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