



*An Independent
Delaware Trust Company*

**PUT YOUR TRUST IN
COMMONWEALTH...**

trust our Expertise

trust our Experience

trust our Resources

trust our Word



Delaware's independent, privately-held boutique trust company partnering with your existing advisers to provide sophisticated, professional trust administration solutions.

Letter from the President and CEO

Commonwealth Trust Company is a trust company dedicated to ensuring that the services provided exceed your expectations. We hire only the top professionals in our field. We are in the business of administering trusts, which means we need strong attorneys to review the documents and ensure compliance with your trust and its estate planning goals not only in the initial drafting stages, but, throughout the life of your trust. It means that we hire CPAs and provide them with the training that they need to ensure that all aspects of trust taxation are considered when administering your trusts. It also means that we ensure that the most qualified and personable trust administrators are available to you directly, without having to make telephone menu selections or deal with random customer service representatives. 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.

It is also important that we understand 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. As is true of everything in life, trust administration is an ever evolving process; it changes along with your family. 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 that we can clear up misunderstandings before they happen 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. You will find that we ask a lot of questions during our intake process, it is what helps us to get the full picture. Because we have worked with so many families and their advisors, we are often able to add some insights as to the practical side of administering the trust which are often overlooked.

We recognize that you have a choice when selecting a trustee and that it 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. CTC is a family owned trust company with more than 80 years experience in administering Delaware trusts. While we are able to service all of your trust administration needs, we do not have an investment arm. 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 the advisors that you already have in place such as your personal investment advisory team. With the directed trust model, you may even be able to leave the investment direction of the trust in the hands of a family member or close family friend, and in some instances you can even maintain that control yourself. The distribution decisions can also be separated and directed by an individual or committee of individuals you trust, with personal knowledge of your family; something particularly useful when there are issues of dependency or addiction involved. The options with a directed trust are limited only by the plan itself.

Let us show you what is possible
and become part of your team...



Caroline Dickerson, CEO



Cynthia Brown, President



Having your trust held in Delaware has its advantages...

- 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 most recently the recognition of tenancy by the entirety property in trust.
- 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.
- 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.
- **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.
- **Silent trusts** are possible in Delaware as beneficiary notification can be eliminated for a period of time per 12 Del. C. §3303(a).
- 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.
- **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.
- **Tenancy by the entirety property** can be contributed to a Delaware trust without losing its character as tenancy by the entirety 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.

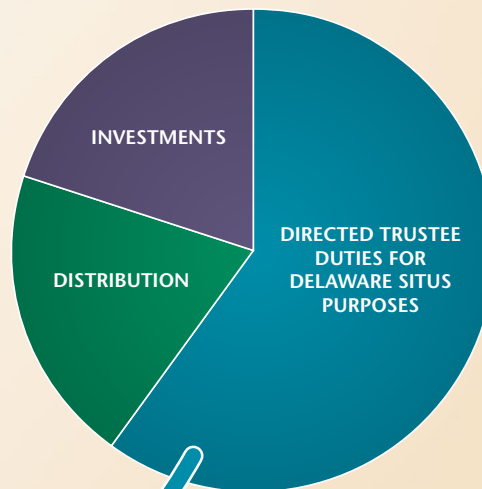
Directed Trustee

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. Below is the commonly accepted list of administrative duties typically performed by the directed trustee:

1. Maintaining or arranging for custody of accounts.
2. Maintaining storage of tangible property and evidence of intangible property.
3. Keeping trust records.
4. Providing office for trustee meetings.
5. Trust accountings and communications.
6. Responding to inquiries.
7. Executing documents and authorizing trust account transactions.
8. Retaining advisers in connection with the performance of the administrative trustee's duties.
9. Preparing or reviewing trust income tax returns.

Bifurcation of Duties...



Working with CTC,
you'll find unparalleled
directed trustee services...

CTC provides unparalleled directed trustee services to clients as part of a highly specialized and responsive team of trust advisers which allows the other fiduciaries serving the client to do what they do best. We make it a priority to have only the most qualified attorneys, CPAs, and trust administrators as part of our internal team.

Our success is a result of attention to the details of each distinctive feature of a trust plan. We work collaboratively with the client and the other advisers to achieve trust administration which is efficient, economical and result oriented.

What sets us apart from any other trust company is our specific focus on trust administration and not investment decisions, allowing the grantor to have investment decisions assigned to someone who can focus on the investments of the trust. The grantor may avoid conflict and gain more control under this type of arrangement.

The use of a directed trust allows the grantor the choice of separating trustee duties from investment and other professional services. Investment authority can be with one individual or entity while administration and distribution authority can vest in completely different advisers. This allows the grantor and beneficiaries sufficient checks and balances within the trust so the trust can obtain services from fiduciaries focusing on their specific area of expertise.

CTC has 80 years experience dealing with trusts of all types including both national and international trusts, tax, and family dynamic issues, and has proven to be a valuable team member in helping to address and resolve issues for our clients. Unlike many other traditional trust companies, we are comfortable dealing with closely held family owned businesses and succession planning within trusts. Our focus on administration allows for rapid response to trust administration issues including distribution requests turned around within a matter of hours.

Our 80 years experience in administering trusts gives us perspective and insight into how to address each new trust that we administer using our systematic and thorough approach to reviewing trusts and the particular issues in each so that tax and administrative issues are addressed at the outset avoiding complications during later periods.

Our professionals are well respected in the community and are working to keep Delaware's trust legislation ahead of other states.

Working with Our Clients

CTC administers over 900 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, a \$500,000,000 charitable remainder trust created by the co-founder and chairman of a Fortune 200 company and trusts for a number of the 100 wealthiest Americans (Forbes 2014 list). Many of our clients own closely held businesses in trust and many of our trusts have international grantors, beneficiaries or assets.

CTC 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.

CTC 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. CTC's income is earned exclusively through annual fees. We do not receive any type of compensation from companies that market proprietary products.

CTC 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.

Each client is unique.
CTC focuses on administering each client's trust in a manner consistent with the settlor's intent and in accordance with the highest professional standards...



At CTC, we look to complement, not compete...

CTC works with a client's attorneys, accountants, and financial planners. We do not manage investments, thus assuring the advisers that we are not in competition with them. Unlike bank trust departments, CTC does not manage client funds thus protecting the professional advisor. At CTC, we complement a client's advisers; we do not compete with them.

When considering an "independent" trust company, you should first determine if they are truly independent and ask the following questions to assure you will not lose your business to another party related to the trustee:

- Is your company's stock publicly traded?
- Do you have any institutional investors, and if so, who are they?
- Do you sell any particular brand of investment or insurance?
- How are you compensated for your services?
- Do you have any alliances with any particular brokerage house or planning firms?
- Have you ever been involved in a merger with another company or is there a possibility of merging with another company in the near future?
- Are you a subsidiary of another corporation, or do you have any subsidiaries involved in other types of business?

At CTC, the answers are simple and straightforward. The officers, directors and employees have owned 100% of 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 a more detailed breakdown of our pricing, please contact us via email at businessdevelopment@comtrst.com. We work with advisers and brokers from all over the world because of our independence, 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, CTC will remain independent, even in the ever-changing world of bank mega-mergers. At CTC, we look to complement, not to compete.



At CTC, it is our mission to be the preferred independent Delaware trust company for clients and their team of professional wealth advisers throughout the world.

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