

Choosing a Trustee

PEACE OF MIND. REDEFINED.



Your Wealth. | WHAT DOES IT MEAN TO YOU?

Your vision. Understood.



A family's legacy. Secured.

Through hard work and good luck, Maine native Max Whittier participated in three of the 12 largest oil strikes in the continental United States. Even disappointments proved a success. An oil field failure — Rancho de las Aguas — was transformed into a real estate investment known today as Beverly Hills.

As the Whittier family expanded and its wealth grew, so did the complexities and challenges of managing their needs and transitioning their wealth from one generation to the next. After Mr. Whittier's passing in 1925, his four children kept the Whittier family interests secure through the creation of the Whittier family office. The family office simplified the day-to-day management of growing their wealth and guided the sale of Belridge Oil Company, one of their most significant assets, to Shell Oil Company in 1979. The sale of Belridge for \$3.65 billion was the largest financial transaction in history at that time.

In 1989, Whittier Trust was formed to more efficiently serve affluent clients. Today, we continue to help our clients navigate the complexity of managing, enhancing and transitioning their wealth. We can ensure that your vision and counsel for your loved ones is secure, even when you are no longer there to provide it.



The original track map for Rancho Rodeo de las Aguas—once an oil field failure—known today as Beverly Hills.



Be confident in your choice of trustee.

There comes a time when you need additional support and continuity to protect and transition your family's wealth. Nearly a century ago, the Whittier family recognized the complex needs of managing their estate. They chose to create a family office, that evolved into Whittier Trust, to leverage additional expertise. If they had simply appointed a family friend 75 years ago to oversee Max Whittier's legacy, would their future be as secure as it is today?

When it comes to selecting a trustee, you have a choice. You can choose an individual, also known as a personal trustee, who is often a close friend or relative with an understanding of your family. Yet that knowledge may not extend to trust management which involves many fiduciary responsibilities such as balancing the needs of beneficiaries, prudently managing investments, and providing required reports. A personal trustee may be an option if a trust isn't expected to have a long duration or if he or she possesses unique knowledge of the family's assets or situation. Invariably, one of the greatest challenges that will arise is a conflict between the trustee and family. This places considerable stress on everyone when necessary business or distribution decisions need to be made.

You may also choose an organization to act as your professional trustee. Typically a professional trustee is staffed by experts in trust management who are capable of addressing the complex duties associated with acting as a fiduciary. A professional trustee can also provide greater transparency in reporting and seamless distributions. However, some professional trustees lack the dedicated personnel to provide quality service and may be viewed as impersonal or even bureaucratic.





There is comfort in knowing that your family's fortune will be overseen by someone with whom you have a relationship.

Personal connection. Is a personal trustee the right choice for you?

When choosing a personal trustee, consider the following:

Am I making this decision based on emotion?

When it comes to family, all decisions are framed by emotion. However, when choosing a trustee that is right for you, it is important to maintain an impartial perspective and consider multiple factors such as the trustee's age, ability, resources, and availability.

How does the personal trustee's experience translate to effective trust management?

If you are considering a personal trustee, it is important to find one with appropriate experience and capabilities. The personal trustee you select should have a firm understanding of the complexity and responsibility of wealth management, recordkeeping and legal matters. A personal trustee should have the knowledge of how to efficiently manage, protect, and grow wealth while ensuring your legacy.

Does the personal trustee have a clear understanding of their fiduciary responsibilities?

An individual who acts as trustee is responsible to perform those duties as prescribed by law. A trustee that fails to do so may be liable for punitive damages claimed by one or more of the beneficiaries. Blood relations do not exempt the trustee from legal responsibilities and it is not unusual for a beneficiary to sue a family member that they feel mismanaged the trust.

What happens if there is a conflict with the beneficiaries?

A personal trustee is often selected because you feel he or she will carry out decisions in a way that you would. Often, this trusted friend or relative has close relationships with the family, which is important. However, these ties may become strained when decisions are made, potentially leading to adversarial relationships with certain family members. Be sure there is a process in place to address possible family conflict with the personal trustee.

Will a personal trustee save me money?

A common misperception is that a personal trustee will be more cost effective than a professional trustee. In reality, in addition to the fiduciary fee charged by the personal trustee, he or she will often hire subadvisors to manage assets, prepare tax returns, and provide legal counsel when necessary. Bear in mind, the layering of fees may exceed those of the professional trustee.

Does the personal trustee have the time and expertise to steward my estate?

Trust management involves multiple needs including accounting, procuring insurance, managing investments, bill paying, coordinating tax preparation, administering distributions, and much more. Will a personal trustee have the knowledge, time, and resources to address these areas efficiently and effectively?

How long is the trust expected to last?

Often trusts are expected to last for many years — potentially for generations. The longer a trust is expected to last, the less likely it is that an individual serving as a personal trustee will be living and able to serve.

Professional perspective. Is a professional trustee the right choice for you?

A professional trustee can bring both an impartial and unbiased perspective to the management of your estate, while also tapping into a deep bench of experts. In addition, a professional trustee is regulated by governmental agencies ensuring transactions are handled ethically. These trustees can also provide efficient infrastructure that relates to recordkeeping and reporting.

When choosing a professional trustee, consider the following:

Am I a priority with the professional trustee?

Typically, your principal contact will be the trust administrator or relationship manager. This person's account load can vary widely — from less than 100 accounts to 300 or more. A good rule of thumb is the number of accounts is inversely related to the amount of time that the trust administrator will have to devote to each relationship. When it comes to you and your family, never settle for being just a number. Professional trustees with attractive relationship ratios exist but may be difficult to find.

Will your investment options be limited?

Some professional trustees only work with proprietary products such as common trust funds or mutual funds. These products typically have higher fees and can limit your investment options and tax advantages. In addition, professional trustees that cater to the mass market may not have the expertise needed to properly manage assets such as real estate and alternative investments. A better solution is to select a professional trustee that can manage a customized portfolio of securities and provide expertise on a broad range of investment classes.

Are there restrictions to certain assets? Will your assets be liquidated?

Some professional trustees are not equipped to manage unique assets such as real estate, a closely held business, intellectual property, partnership interests, royalties, yachts, aircraft, collections, art, antiques, and the like. A professional trustee with a more institutional focus may automatically liquidate non-conforming assets such as these to simplify administration or to comply with corporate policy. However, this can result in a loss of important holdings to the family and create significant tax consequences. Seek a professional trustee with an extensive background in the assets that comprise your estate.

How quickly can decisions be made?

Generally, requests for trust distributions to a professional trustee must be in writing and provide sufficient information to evaluate the merits of the request. Ask the professional trustee what the decision-making process involves and how long it takes. Some trustees work by committee to approve requests. Some may only meet monthly or quarterly. Be sure your trustee keeps your best interests foremost and responds to your distribution request quickly.

Will there be a dedicated administrator assigned to my account? Who will respond when that person is unavailable?

The depth of staff assigned to your account is an important factor. Can your trust administrator be reached while traveling, after normal business hours or on weekends? Does the administrator have a dedicated assistant? Will there be a dedicated investment officer assigned to the account? If so, will the investment officer be available for questions? How often will there be meetings in person to review the performance of the account?

What is the average number of years of experience of the company's trust administrators?

Experience is important. The specific terms of your trust are set forth in the trust document. Administering the trust often involves principal and income accounting principles, state trust laws, federal securities laws, income tax, estate tax, and generation skipping transfer tax laws as well as an ability to address real estate, business, insurance, and other concerns. The average number of years that the trust administrators have been in the trust business is a good indicator of how knowledgeable a professional trustee is likely to be when it comes to your needs.

What is the average number of years that trust administrators have been with the company?

This question can indicate the likelihood that an account will be reassigned to a different administrator. If a professional trustee has been successful at retaining its administrators, it speaks well for the company's dedication to the working environment. Good retention fosters a more stable, long-term relationship between the administrator and your family. High levels of staff turnover should elicit caution when selecting a professional trustee.

Whittier Trust. A family office that brings you peace of mind.

Whittier Trust was founded on the principle of service under the leadership of its patriarch, Max Whittier. We bring all the benefits of a professional trustee with the care and attention offered by a personal trustee. Our roots as a family office enable us to deliver personalized solutions to your needs. Here's how:

Personal attention.

- We take the time to get to know you, your values, your goals and your dreams.
- Our advisors are limited to a maximum of 20 families; the average for our advisors is 14.
- Our staffing is arranged in teams. Each relationship has a primary and secondary portfolio manager, a client advisor, and a client advisor assistant. Together they will manage your investments and perform the services you need.

Experience.

- Advanced degrees, combined with experience, make for a strong, strategic partner. Whittier Trust's professionals collectively hold legal, accounting and advanced business degrees. Our staff maintains designations of Certified Trust and Financial Advisor, Chartered Financial Analyst, Certified Financial Planner and Certified Public Accountant.
- The average Whittier Trust employee has been with the company for more than a decade.
- Our teams have extensive experience in dealing with the sophisticated issues of the high net worth individual and family. We respect your privacy and address your needs with the greatest discretion.



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Flexibility.

- Whittier Trust generally serves as a sole trustee; however, we are often co-trustee with personal trustees and are comfortable serving as a directed trustee or with a trust protector who has authority over certain functions.
- Your portfolio will be constructed and managed according to the particular trust's investment objective and risk tolerance.
- We provide internal investment management and also work well with outside investment managers. Whittier Trust can manage or provide custody, or both, for most unique assets. Real estate, closely held businesses, private equities, partnership interests and the like, need not be excluded from your trust or investment assets.
- Whittier Trust has designed its discretionary approval process to promptly evaluate and resolve requests for discretionary distributions. In contrast to some other institutions, decisions are not confined to a set schedule. Our process is nimble, flexible and unbureaucratic.

Be confident in your family's future.

In the end, you can't plan for every contingency no matter how hard you try. Planning a year in advance is difficult enough — planning for multiple generations is daunting.

The choice of trustee is critical. Whittier Trust has years of experience in managing trusts for wealthy individuals and families and in working with beneficiaries with all levels of financial and business sophistication. Our structure has been built from the bottom up — with focus on our clients' needs and desires. The result is an organization devoted to providing excellent service and unparalleled personal attention.

At Whittier Trust we welcome the opportunity to work as trustee or co-trustee to help perpetuate, enhance, and grow your wealth, from one generation to the next.





whittiertrust.com

