

# Trustee Services

Careful planning now can help you establish long-term security for you and your family.



## **You can't predict the future, but you can prepare for it.**

You've worked hard to provide yourself and your family with the lifestyle you want — for today and tomorrow.

While no one can predict the future, you can take steps now to help ensure that your assets provide financial security during your lifetime, and that they will ultimately be managed according to your wishes once you're gone.

**A financial and estate plan can help make you more confident about the current and future management of your assets.**



## Determine whether a personal trust is right for you.

A financial and estate plan often includes the creation of trusts. A trust is a legal document that generally describes how your assets will be managed, and who will benefit from them during your lifetime and/or after your death. It also typically outlines how and when the assets will be distributed.

### Benefits of personal trusts

Trusts can be an important part of a complete financial plan and are generally designed to help you:

- Manage and protect your assets, while letting you enjoy your wealth during your lifetime
- Ensure the distribution of your assets in accordance with your wishes after your death
- Avoid the expense and challenges of the probate process
- Assure the confidentiality of your estate
- Possibly minimize future estate tax

Establishing a trust may be a significant step toward ensuring that your loved ones are properly cared for when you are no longer with them.

### Leverage your financial representative's professional experience

In addition to providing you with valuable insight during the development of your financial and investment plans, your financial representative can be an experienced source of information about:

- The steps involved in creating a trust
- The types of trusts appropriate for your objectives
- The qualifications of a trustee
- How and when to use the services of specialists, such as tax experts and estate planning attorneys

### Common types of trusts

TYPE OF TRUST	DESCRIPTION
Revocable living trust	Takes effect immediately and can be changed as desired during your lifetime
Testamentary trust	Is created by a will after death
Marital trust	Allows spouses to transfer assets to each other, deferring estate taxes until both have passed
Charitable remainder trust	Allows a beneficiary to receive income from the assets that will ultimately be distributed to charity
Irrevocable life insurance trust	Provides for the exclusion of life insurance proceeds from an estate; intended for tax-saving purposes

Note that this list is meant to provide a sampling and is not a comprehensive list of all types of personal trusts.

# Your trustee—a critical choice

When you've taken the time to thoroughly design your financial and estate plan, you want to be sure that it will be carried out as you intended. Choosing the right trustee can be a crucial step.

## The benefits of working with a corporate trustee, such as Fidelity Personal Trust Company, FSB<sup>1</sup>

Individuals often appoint themselves, a family member, or a friend as trustee. While these may be appropriate options for you, you should also consider the benefits of using a corporate trustee, such as Fidelity Personal Trust Company, FSB (FPTC). Corporate trustees are experienced trust administrators who make certain that your wishes are executed as expressed in the trust agreement.

The following are some of the factors to consider when selecting a trustee:

### *Experience and expertise*

- Trust laws are complex and change frequently. A trustee has the responsibility to stay current on these laws, and a corporate trustee has access to information and resources to remain informed.
- Trustees must ensure that taxes are appropriately filed and that principal and income transactions are tracked. Corporate trustees employ technology systems to assist with these functions.

### *Objectivity*

- Family situations can become emotionally charged, and this can put a trustee who is a relative or family friend in a difficult position.
- At these times, it is best to have important issues decided with objectivity. A corporate trustee can remain emotionally uninvolved.

### *Long-term reliability*

- Your family's situation — and that of the trustee — may change over the years.
- A corporate trustee helps to ensure continuity during the full term of the trust, and thus may be a more fitting long-term choice than a friend or family member.

## CHOOSING A TRUSTEE

	MAY BE APPROPRIATE WHEN ...	PROS	CONS
<b>Individual trustee</b> (family member or friend)	<ul style="list-style-type: none"> <li>Trustee is knowledgeable about investments, taxes, trust administration, etc., and has access to experts when necessary</li> <li>Trustee has sufficient time and does not consider trust administration and risk a burden</li> <li>There is a fairly simple family situation, as well as assets and trust terms</li> <li>The trust does not require an "independent trustee" based on its type or terms</li> </ul>	<ul style="list-style-type: none"> <li>Trustee is generally closer to the family</li> <li>May be less expensive</li> <li>Maintains family control</li> </ul>	<ul style="list-style-type: none"> <li>Less expertise/greater chance of improper administration and potential liability</li> <li>Individual may not be objective</li> <li>Burden on named trustee (time and potential liability)</li> <li>May be more expensive if delegating functions to other experts</li> </ul>
<b>Corporate trustee</b> (such as FPTC)	<ul style="list-style-type: none"> <li>The type of trust or its terms will require an "independent trustee"</li> <li>The family situation, assets, and trust terms may be more complex</li> <li>The grantor does not want to burden family members or friends (time and potential liability)</li> </ul>	<ul style="list-style-type: none"> <li>Objectivity</li> <li>Responsible party</li> <li>Expertise</li> <li>One-stop shopping (administration, recordkeeping, taxes)</li> <li>Continuity of administration</li> </ul>	<ul style="list-style-type: none"> <li>Involves a non-family member in personal, financial matters</li> <li>May be more expensive</li> </ul>
<b>Individual trustee with assistance from a corporate trustee</b> (commonly known as an agent for the trustee)	<ul style="list-style-type: none"> <li>The family does not want to give up control but lacks expertise or easy access</li> <li>Duties start to become a burden for the individual trustee (time and potential liability)</li> <li>The trust turns out to be more complicated or time-consuming than originally thought</li> </ul>	<ul style="list-style-type: none"> <li>Expertise without giving up control</li> <li>Less of a burden on the individual trustee</li> <li>Mitigates risk for the trustee</li> <li>Easy to remove/replace agent</li> </ul>	<ul style="list-style-type: none"> <li>Trustee still has risk and potential liability</li> <li>Trustee is responsible for agent selection and oversight</li> <li>Cost savings may be negligible compared with corporate trustee</li> </ul>

# Trust services available through your financial representative

Whether you select a family member, hire a professional, or choose to act as trustee yourself, you may benefit from one of the following services.

In each of these offerings, your financial representative can continue to provide investment management for your assets.

## Administrative Trustee Service<sup>2</sup>

FPTC acts as your trustee or cotrustee, performing all the fiduciary, accounting, and tax responsibilities of administering the trust, pursuant to applicable statutes and as instructed in the trust document.

## Agent for Trustee Service<sup>2</sup>

You or your appointed trustee can engage FPTC to act as agent, helping with many of the complex services required in trust administration. At the trustee's direction, FPTC can provide assistance with distributions, recordkeeping, tax reporting, and other administrative requirements.

## Trust Reporting Service<sup>3</sup>

This service can help you or your appointed trustee handle the specialized accounting and reporting that are often needed for trust accounts. These services include:

- Principal and income accounting
- The ability to add assets held away<sup>4</sup> to a portfolio, for inclusion on statements and online viewing

Trusts managed by FPTC are administered in New Hampshire, which may provide the following benefits:

- A lower rate of income taxation than many other states
  - No New Hampshire state tax on income distributed to nonresident beneficiaries
  - An income tax deduction for income accumulated for nonresident beneficiaries
- For qualifying trusts, no rule against perpetuities\*
- Potentially more options for investment managers as New Hampshire allows an investment manager to be appointed to serve with the trustee

\*For a trust to qualify, it may need to provide that New Hampshire law governs validity from the time the trust is created. In some cases, the trust company may administer a trust under another state's laws. In all cases, the trust company must review and approve the trust's language prior to accepting its role as trustee.

Content provided is general in nature and is for informational purposes only. Content is not intended to be, and should not be construed as (i) legal or tax advice or (ii) a legal opinion. FPTC does not provide legal or tax advice. Laws of a particular state or laws that may be applicable to a particular situation may affect the applicability, accuracy, or completeness of this information. Federal and state laws and regulations are complex and are subject to change. Clients should consult their legal or tax advisor regarding their specific legal or tax situation prior to taking any action based on information provided herein.

## Program Fees

The annual fees noted below are calculated and assessed quarterly.

ADMINISTRATIVE TRUSTEE SERVICE	
VALUE OF TRUST ASSETS	ANNUAL FEE
First \$2 million	0.45%
Next \$3 million	0.35%
Next \$5 million	0.25%
More than \$10 million	Negotiable
Minimum annual fee	\$4,500

Fees are based on the account's market value as of the last business day of the quarter and are charged directly to the account.

- An annual real estate administration fee of \$1,500 will apply to accounts holding residential real estate where a trustee other than FPTC is appointed to assume property management and custody responsibilities. If no other trustee is appointed, FPTC may assess an annual fee for property management, not to exceed 1.00% of the market value of the real property. A fee of 1.75% will be assessed for the sale of real property.
- A termination fee of 1.00% of market value of assets held in the account may apply.
- No fees are charged when FPTC is named as successor trustee to serve at some time in the future. Fees are charged only when FPTC begins to serve as trustee.

AGENT FOR TRUSTEE SERVICE	
VALUE OF TRUST ASSETS	ANNUAL FEE
First \$2 million	0.34%
Next \$3 million	0.26%
Next \$5 million	0.19%
More than \$10 million	Negotiable
Minimum annual fee	\$3,375

Fees are based on the account's market value as of the last business day of the quarter and are charged directly to the account.

## Additional Fees: Administrative Trustee Service and Agent for Trustee Service<sup>2</sup>

- An annual tax preparation fee of \$450 will be charged for preparation of federal and state fiduciary income tax returns, as required. This is a pass-through fee from the contracted third-party tax preparer. There is no fee charged to accounts subject to Form 1099 reporting.
- A full annual fee will be charged on any account that opens and closes within the first year. This fee is calculated based on the highest end-of-day asset market value of the account during the first year.
- Irrevocable life insurance trusts will incur a first-year fee of \$5,000 and an annual fee of \$5,000 thereafter for up to two policies. Each additional policy incurs a \$1,000 fee. This fee is in lieu of the fee noted in the schedules to the left, and includes payment of life insurance premiums and notification to beneficiaries, when required, for up to two policies.

## Trust Reporting Service<sup>3</sup>

An annual fee applies. Please ask your financial representative for details.

### OTHER PROGRAM NOTES

- Legal or other fees that may be incurred for the creation of a trust are levied by the professionals involved.
- Fees for investment management are set by and charged according to the investment professional's fee schedule.
- There may be separate fees for the clearing and execution of transactions in the applicable brokerage account.
- Fees that may be charged by a cotrustee are in addition to those assessed by FPTC.

Additional services are available; fees are calculated upon request, and all fees are subject to change.

## Contact your financial representative today to learn more about Trustee Services.

If you are establishing or thinking about establishing a trust, early planning may help you maximize your trust's benefits.

If you already have a trust, your financial representative can discuss the services that can assist in the trust's administration, as well as the possible benefits of having a corporate trustee serve now or in the future.



200 SEAPORT BOULEVARD  
BOSTON, MA 02210

<sup>1</sup>Fidelity Personal Trust Company, FSB (FPTC), is a federal savings bank and a Fidelity Investments company. Nondeposit investment products and trust services offered through FPTC and other affiliates of Fidelity Investments are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, are not obligations of any bank, and are subject to risk, including possible loss of principal.

<sup>2</sup>Administrative Trustee Service and Agent for Trustee Service are offered by Fidelity Personal Trust Company, FSB (FPTC). FPTC is a federal savings bank and a Fidelity Investments company. Nondeposit investment products offered through FPTC and its affiliates are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, are not obligations of any bank, and are subject to risk, including possible loss of principal.

<sup>3</sup>The Trust Reporting Service is provided by National Financial Services LLC and Fidelity Brokerage Services LLC. These firms also provide custody, accounting, and reporting, but do not provide fiduciary services to trustees of trust accounts.

<sup>4</sup>Information for assets not custodied by Fidelity Brokerage Services LLC or National Financial Services LLC ("assets held away") is provided by the investment advisor or outside parties and is included for informational purposes only. These positions are not part of the end client's brokerage account carried by Fidelity Brokerage Services LLC or National Financial Services LLC and, therefore, any Securities Investor Protection Corporation account protection afforded to the end client's account through Fidelity Brokerage Services LLC or National Financial Services LLC does not cover these assets. Fidelity Brokerage Services LLC or National Financial Services LLC is not responsible for the information provided and does not guarantee the accuracy or timeliness of the assets or prices reported.

*Information provided in this document is for informational and educational purposes only. To the extent any investment information in this material is deemed to be a recommendation, it is not meant to be impartial investment advice or advice in a fiduciary capacity and is not intended to be used as a primary basis for you or your client's investment decisions. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in this material because they have a financial interest in them, and receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services.*

Your financial representative and his or her respective firm is an independent company, not affiliated with Fidelity Investments. There is no form of legal partnership, agency, affiliation, or similar relationship between your financial representative and Fidelity Investments, nor is such a relationship created or implied by the information herein.

Third-party marks are the property of their respective owners; all other marks are the property of FMR LLC.

Fidelity Family Office Services is a division of Fidelity Brokerage Services LLC.

Fidelity Clearing & Custody Solutions® provides clearing, custody, or other brokerage services through National Financial Services LLC or Fidelity Brokerage Services LLC, Members NYSE, SIPC.

© 2020 FMR LLC. All rights reserved.

480472.13.0

1.790970.114  
0720