Selecting a trustee for your dynasty trust

The primary purposes of dynasty trusts are to transfer assets to future generations and to do so in a tax favorable manner that helps build and preserve wealth. Since a dynasty trust is designed to last as long as legally possible, selecting a corporate or professional trustee for a dynasty trust is a logical choice for many reasons.

- **Longevity** — You will want an entity that will be able to capably administer the trust for as long as it exists, even in the face of future changes in laws concerning dynasty trusts.
- **Expertise** — Administration of a dynasty trust can be complex, especially when dealing with large estates or sophisticated assets.
- **Objectivity** — The impartiality toward various beneficiaries provided by a professional trustee will eliminate conflicts of interest among family members.
- **Tax efficiency** — If an individual who is also a beneficiary is acting as trustee, it may be deemed the individual has a controlling interest in the trust such that it leads to adverse taxation.
- **Flexibility** — Family input into the trust administration can be provided by an advisory committee of family members (excluding the grantor) advising the corporate trustee.

**Why choose Delaware as a situs for your dynasty trust?**

The legal jurisdiction where the trustee performs its duties is called “situs” and that location can have an important impact on your dynasty trust. While several states have recently changed their “Rule Against Perpetuities” statutes to allow for very long or even perpetual trusts, Delaware was among the first to do so. Delaware allows personal property to be held in trust forever and allows real estate to be held for 110 years.

Delaware trusts offer a wide range of benefits—many of which are simply not available in most other states. Taken together, these benefits can help maximize your dynasty trust’s potential to protect your family legacy for future generations.

**Protection benefits**

Delaware is one of the states that provide dynasty trusts with the greatest protection against creditor claims. Delaware now even provides for assets placed in a trust by a grantor who is also a beneficiary of the trust to be protected from the grantor’s creditors. This makes Delaware an attractive alternative to offshore trusts.

**Administrative benefits**

Delaware laws governing trust administration create an efficient environment for individuals and families to establish trusts. You do not have to be a resident of Delaware to take advantage of the favorable trust statutes and the expediency of the Delaware Court of Chancery. The Court does not require continuing jurisdiction over a trust nor does it require annual accountings. As a result, matters brought before the Court are often handled expeditiously and therefore at lower cost than in other jurisdictions.

**Tax benefits**

Delaware provides tax advantages for dynasty trusts and their nonresident beneficiaries. It does not impose a state income tax on irrevocable trusts that accumulate income or taxable gains for beneficiaries who do not reside in Delaware. Nor does it impose tax on income distributed to nonresident beneficiaries.

**Privacy benefits**

Delaware provides greater confidentiality concerning trusts. Some states require trusts to be recorded or to file annual accountings that become a matter of public record. In Delaware you can create a trust that will not require the trustee to notify individual or charitable beneficiaries of their present or future interest in the trust until it vests in them.
Opportunity benefits

Delaware provides administrative flexibility in trusts. This is especially important for long-term dynasty trusts. For example, Delaware law allows a traditional income trust to be converted to a trust where distributions to the income beneficiaries can be adjusted to a percentage of the trust account valued annually (usually 3% - 5%) rather than relying on actual income only. This is especially important in a low interest environment.

Investment benefits

Delaware law also allows greater investment flexibility than most states. It allows for someone other than the trustee, such as a family member, to be appointed to direct investments in a trust in a way that may be more reflective of the family's inclinations or the spirit of the trust grantor. The trustee can be relieved of responsibility for investment choices and results so the family has more control to accomplish sophisticated goals in a complex investment environment. This flexibility can be very important to some families.

A practical professional trustee solution for RBC Wealth Management® clients

RBC Trust Company (Delaware) Limited is an excellent choice of professional trustee to administer your dynasty trust. It has a nearly 100-year history and experience in administering trusts under the Delaware statutes. It is a leader in offering Delaware dynasty trusts, which are a preferred wealth building and preservation tool of America’s leading families.

RBC Trust Company (Delaware) is a corporate trustee you can work with and rely on for generations to come. It offers the advantages of Delaware law and experience as well as the flexibility families prefer. If a dynasty trust is of interest to you, speak with your RBC Wealth Management financial advisor today.