

A Matter of Trust

One of the most important decisions families make in developing their legacy plans is choosing the right individual or institution to carry out the fiduciary duties. Only when those charged with doing so follow through with excellence will your intentions be fully realized.

At Bessemer Trust, we understand that acting on behalf of our clients is both an honor and a tremendous responsibility. It requires know-how and the highest levels of integrity. Our extensive experience with complex estates and multigenerational families dates back more than a century. Bessemer was founded in 1907 as the family office for Henry Phipps, a business partner in Carnegie Steel. Bessemer remains privately owned chiefly through trusts, creating an independence and organizational stability enjoyed by few firms today.

Evidence of our commitment to providing exceptional fiduciary services is the caliber of our legacy planning team. Bessemer's reputation attracts top-tier talent, allowing us to build a dedicated team of professionals, including attorneys, accountants, and trust specialists. Together with your client account manager, our legacy planning specialists are available to work with you, your attorney, and other advisors to develop and carry out your estate plans.

Bessemer has provided the following fiduciary services to generations of clients:

- Trust Management (in the role of trustee or co-trustee)
- Estate Administration (in the role of executor or co-executor)

Trust Management

Establishing trusts to transfer assets from one generation to another is a central component of many long-term legacy plans. Yet trusts — and the

laws that govern them — are often complex, making it challenging to realize all of their benefits. Successful trust management requires sophisticated knowledge of the relevant legal and investment issues and a thorough understanding of the trust's goals.

In simplest terms, a trust involves a grantor turning over assets to a trustee who holds and manages the assets for the benefit of the trust's named beneficiaries.

In practice, there are many different trust structures, which are designed to accomplish various goals. For example, a family may utilize a grantor retained annuity trust (GRAT) to transfer wealth to family members and a charitable remainder trust (CRT) to pass assets to a favorite charity. Working closely with families and their advisors, we strive to understand each client's unique situation and help identify the trust structures that best meet his or her needs.

In our experience, trusts are most successful when the grantor, trustee, and beneficiary have a clear understanding of their respective roles and fulfill their responsibilities thoughtfully (Exhibit).

While a trustee can be an individual (e.g., a friend, business associate, or family member), there are several advantages to selecting a corporate trustee. Compared to a non-professional trustee, corporate trustees are typically better suited to deliver objective, solution-oriented advice in a tactful, dispassionate manner. As the interests of current and future trust beneficiaries can often be at odds, trustees must be capable of making difficult decisions and mediating disputes that may arise between beneficiaries. In many cases, a grantor may want both an individual and a corporate trustee to work together, with the individual trustee providing oversight and perspectives on the family dynamics. This structure can work well for all parties involved.

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Exhibit: Roles Within a Trust

The grantor determines:	The trustee should:	The beneficiaries should:
The purpose and duration of the trust	Understand the purpose of the trust and the terms of the trust instrument	Understand the terms of the trust and the intentions of the grantor
The beneficiaries	Understand the potentially competing interests of the current and future beneficiaries	Understand that the role of the trustee is to carry out the grantor's intentions and that the trustee's powers are constrained by the terms of the trust
The amount and timing of the distributions	Understand the changing needs of the beneficiaries and try to address their needs to the extent possible consistent with the terms of the trust	Monitor the administration of the trust and the adherence to the terms of the trust
The purpose of the distributions: <ul style="list-style-type: none"> • Mandatory (e.g., trustee must distribute net income quarterly and principal at attained ages) • Support or Ascertainable Standard (e.g., trustee may distribute income and principal for maintenance, education, support, or healthcare) • Fully Discretionary (e.g., trustee may distribute income and principal as trustee deems best) 	Make distributions in accordance with the grantor's intentions	Engage in open and honest discussions with the trustee
The manner of taxation (e.g., the trust, grantor, or beneficiary may be responsible)	Seek professional investment, legal, and accounting assistance, as needed	
The most suitable individual or corporation to act as trustee and successor trustee	Make reasonable investment decisions based on the trust's investment horizon, tax implications, and the return/risk profile of the beneficiaries	

Bessemer Trust Company, N.A. is authorized to act in most jurisdictions. In addition, we have trust companies for different tax or other purposes in Delaware, New Jersey, Florida, California, the Cayman Islands, and New Zealand.

As a trustee or co-trustee, Bessemer Trust will be responsible and accountable for the following duties:

- Safeguarding and valuing trust assets;
- Overseeing asset allocation decisions and investing the trust assets;
- Evaluating and making distributions, either mandatory or discretionary, based on the directions of the grantor;

- Maintaining regular communication with the beneficiaries and interested parties;
- Handling all record-keeping; and
- Preparing and filing tax returns.

As an administrative or directed trustee, Bessemer Trust Company of Delaware, N.A. can be instructed as trustee to perform only those tasks that the family wishes. Usually, this means Bessemer would serve as trustee but take investment directions from a designated Direction Advisor. Occasionally the family also wants the Direction Advisor to determine distributions or oversee key decisions — all of which can be accommodated through Delaware law.

Non-traditional trust assets are among our areas of expertise. We are willing, as trustee, to monitor a closely held business position using the capabilities of our Family Company Advisory group¹. The team offers a broad range of advisory services and transition expertise, assisting with: 1) strategic planning, corporate governance assessment, and succession planning; 2) valuation analysis, strategic transitions, initial public offerings, and other capital-raising alternatives to generate liquidity while retaining family control; and 3) partial or complete family exits through strategic partnerships, divestitures, or the sale of companies.

All of Bessemer's trust companies draw on the best thinking and resources of the entire firm, including legal and investment expertise. Our team structure helps ensure that all aspects of your unique situation will be considered.

Estate Administration

As a family's wealth grows, its estate plan often becomes increasingly complicated. Establishing a clear and comprehensive will — and selecting an executor to carry out those wishes — is an important step in preserving family wealth.

An individual or corporate executor assumes responsibility for your financial affairs after your death. This includes ensuring debts and estate tax obligations are settled and your assets are distributed in accordance with your will and other estate planning documents. The administration of an estate is time-intensive and involves making a number of complicated investment and tax decisions at a critical and emotional time. While a close relative, family friend, or attorney can serve in this role, a corporate executor has the professional skills, time, and objectivity to attend to your estate efficiently.

As an executor, Bessemer Trust will act as a personal counselor to your family and as an advocate for your rights by fulfilling the following obligations:

Defending your interests. We will be a steadfast proponent of the wishes expressed in your will, vigorously defending them against anyone who may contest them.

Protecting your property. We will work to protect your real estate and personal property against loss and liability. Bessemer will carefully inventory and arrange for the appraisal of your furnishings, artwork, antiques, and jewelry so that your beneficiaries will not only receive precisely what you intended, but also will understand the quality and value of what you have given them. If an asset sale is necessary, Bessemer can determine the most suitable marketing approach and negotiate the terms of any sale. Bessemer retains in-house real estate specialists with many years of experience purchasing, managing, and selling real property interests. We have experience working with leading outside experts on other types of assets that are often part of clients' estates such as art, antiques, vintage cars, and other unique collections.

Making the right decisions. We will gather your financial assets so they may be reviewed and analyzed by our investment specialists. This helps ensure that decisions are made according to your testamentary directions, the liquidity requirements of your estate, and sound investment principles.

Holding unique assets. Bessemer has in-depth experience in overseeing closely held family business interests and other illiquid assets in fiduciary capacities. We are willing to administer these types of assets as part of your overall estate.

¹ Where Bessemer is asked as trustee to hold shares of a closely held company, Bessemer Trust Company of Delaware, N.A. would normally qualify as the trustee, and appropriate language in the governing instrument would be required in order to take advantage of Delaware's support for grantors' intent in this area.

Planning for taxes. Our tax specialists will ensure that all federal and state estate and income tax returns required in the settlement of your estate are filed in an appropriate manner to help your estate receive the benefit of all relevant tax elections and deductions. Bessemer will defend all appropriate valuations against potential IRS challenges.

Distributing assets promptly. Bessemer will distribute the assets of your estate as promptly as possible in accordance with your directions, whether that involves making outright distributions to your beneficiaries or funding and managing trusts established by your will.

Keeping your family informed. We will communicate closely with your family members to ensure they understand each step and have the opportunity to ask questions.

For families wishing to include a family member or other trusted advisor in the administration of an estate, Bessemer Trust welcomes full partnerships with co-executors.

Building Lasting Relationships

Bessemer Trust's mission is to help clients manage their wealth so that it has a positive, lasting impact on their lives and those of generations to come. We strive to deliver objective, solution-oriented advice as we develop and carry out legacy plans with excellence.

To learn more about Bessemer's fiduciary services, please contact your client account manager or your local Bessemer Trust office.

This material is provided for your general information and is not intended as legal, tax, investment, or other advice. This material does not take into account the particular investment objectives, financial situation, or needs of individual clients.

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