

Trust Alliance

Baird's "Trust Alliance" offers our clients the opportunity to name a corporate trustee while retaining Baird as the investment advisor. This provides clients with deep expertise in both trust administration and investment management.

WHY USE A CORPORATE TRUSTEE?

For many individuals, the duties and responsibilities involved in serving as trustee can be overwhelming. If the trustee is not up to the task, problems can arise within the trust and, worse, within the family. A corporate trustee can provide professional and objective administration. This can help ensure proper management and reporting, predictable costs, and continuity.

Because they are structured as banks or trust companies, corporate trustees are subject to governmental regulation and examination and held to a higher standard than individual trustees who are not so regulated. They are skilled professionals accustomed to working with trusts and staying current on changing laws. They are also able to handle delicate family dynamics and impartially distribute assets according to the terms of the trust. A corporate trustee is a permanent financial institution that can manage the trust for decades, ensuring continuity across generations. The trust continues in place with consistent care and oversight, typically without need for a successor trustee to be appointed by an outside party or a court.

If you are considering a corporate trustee for your trust, Baird has a couple of options. Through our Trust Alliance, we have relationships with trust companies who can act as trustee for your trust, and who will allow your family to continue to work with your Baird advisor and other trusted professionals to manage the investments if you wish.

TRUST ALLIANCE PARTNERS

- Comerica Trust
- Cumberland Trust
- Prairie Trust
- Aligned Partners

PROGRAM PARAMETERS

Of course, trust companies vary when it comes to services, fees, etc. Fees for a professional trustee can exceed 2% of the value of trust assets per year, but Baird's Trust Alliance partners typically charge around 0.6% or less to start, and a lower percentage as assets exceed certain amounts. Many corporate trustees — including Baird's Trust Alliance partners—may have minimum account sizes or fees.

In any event, it would be important to provide the prospective trustee with a copy of the trust document, basic information about the trust beneficiaries (e.g., names, ages, and relationships), and an idea of the assets and values that are or will be owned by the trust.

DELEGATED VS. DIRECTED TRUSTS

In addition to naming a corporate trustee, the document will often name Baird as the investment advisor. The investment advisor's responsibility depends on whether the trust is a "delegated trust" or a "directed trust," both of which are available in Baird's Trust Alliance. In a delegated trust, the trustee will be responsible for administrative and investment decisions. The trustee will select—and may replace—the investment advisor. Some states and trust companies also offer the option of a directed trust, wherein the trustee will handle administration of the trust but the investment advisor will manage trust assets (without the oversight of the trustee).

WORKING WITH BAIRD

Whether the trust is a delegated or directed trust, Baird can hold the assets as custodian. Delegated trust investment options are limited to discretionary asset management programs offered through Baird, such as ALIGN and Private Investment Management. Directed trusts may use discretionary programs, as well as non-discretionary account options such as Baird Advisory Choice and traditional brokerage accounts. Baird will charge advisory fees in addition to the fees charged by the trust company.