



Sentinel Trust
Together, families prosperSM

OnWatch

Reasons to Appoint A CORPORATE EXECUTOR OR AGENT



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It is tempting to appoint a spouse, child, or other family member as executor of your estate. After all, a family member can avoid outrageous executor fees! She presumably knows your desires and the needs, personalities, and concerns of your heirs. However, for many high-net-worth families, a professional corporate executor can be a superior and less costly option.

Typically, a corporate executor is a trust company with professionals on staff who have estate administration skills and experience. There are two ways to use a corporate executor: appoint it either as the actual executor or as the agent to an individual executor. As executor, the company would have ultimate control and final decision-making authority. As the “corporate agent,” the individual named as executor has final decision-making authority and control, but can delegate certain responsibilities and liabilities to the corporate agent. In most situations, an individual executor has authority to hire a corporate agent without any special direction in your will, but if you know which corporate agent you trust with this responsibility, the best practice is to include a direction in your will.

Corporate Advantages

Possible advantages of using a corporate executor or agent over a family member include:

- **Overall Cost Savings** – A corporate executor or agent can reduce overall estate administration expenses. Most high-net worth estates will need to hire an estate administration lawyer. A corporate

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About Sentinel Trust Company

Sentinel Trust Company, LBA is an independent wealth management firm and multi-family office that provides comprehensive wealth and succession planning, fiduciary, investment management, philanthropic, and family office services to a select group of affluent families and their closely held entities and foundations. Founded in 1997 as the successor to two 40-plus-year old single-family offices, Sentinel Trust currently serves more than 30 multi-generational families nationwide and is responsible for approximately \$4.2 billion in assets as of December 31, 2019.



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executor or agent can handle many of the tasks that often are delegated by individual executors to the estate administration lawyers. Since corporate executors' and agents' hourly rates typically are much lower than those of estate lawyers, there can be significant savings. Since an inexperienced individual executor often does not want to handle or does not have time to handle many tasks, delegating them to the estate lawyers results in still higher legal fees.

- ▶ **Professional Expertise and Safeguards** – Corporate professionals have the expertise and safeguards in place to better prevent inadvertent errors that individuals are more prone to make. Those errors can be costly to correct. While a family member may be very intelligent and capable, his or her expertise most likely will be in areas other than estate administration.
- ▶ **Giving Family Space and the Opportunity to Grieve** – Using a corporate executor or agent gives a family space to grieve after the death of a loved one. As soon as you pass away, the clock starts ticking for a number of deadlines and responsibilities that require the executor's and the family's attention. The executor will be responsible for gathering assets, paying creditors, distributing assets, obtaining appraisals, and filing tax returns. Many of these responsibilities must be completed in accordance with strict deadlines. Having to deal with these tasks shortly after a loved one has passed can be overwhelming.
- ▶ **Liability** – Using a corporate executor or agent can shield family members from the personal liability they would be exposed to when serving as executor. For example, an executor is a fiduciary with a duty to act in the best interests of the estate and the beneficiaries and to comply with local and federal law. If a beneficiary believes (whether wrongly or rightly) the executor has violated this duty, he can sue the executor. The executor can even be held personally liable for unpaid estate taxes! If you utilize a corporate executor, these types of risks

can be shifted away from the family member who might otherwise serve as executor.

- ▶ **Impartiality and Fairness** – A corporate executor or agent will be able to act impartially and more objectively than a family member. Conflict can arise during the estate administration process, which could strain intrafamily relationships. One child may be serving as executor and find herself arguing with her siblings. A corporate executor or agent minimizes this potential conflict. Choosing a corporate executor also can be a good choice for parents to avoid perceived favoritism inherent in choosing one child over the others.
- ▶ **Time and Succession Plan** – The executor's role is time consuming. While some estates settle within a few months, it can take a year or even much longer to settle complex estates. Corporate executors are far less likely to quit or become unable to serve during the administration of your estate. By delegating the responsibilities to a professional, individual family members may devote time to their own careers or each other when it may be needed most.

Although serving as an executor can be an honor and a privilege, it is a lot of work and can be a significant burden. Estate administration is a very complex, time-consuming, and risky process. It can be an overwhelming and emotional experience for your family. Deciding to have a group of professionals with experience and expertise in this field to carry all or a majority of the load can be a major relief to your family. ■





SUMMER IDEAS FOR KIDS OF ALL AGES



Lissa S. Gangjee,
JD, CFP®
*President and Chief
Executive Officer*

As the school year fades, summer plans with our children and grandchildren are likely to be a bit different: sleepaway camps may be shuttered, international vacations may become road-trips, college visits may morph into virtual tours. But for everything we've temporarily lost, opportunities abound. There may even be time for a little wealth education around the edges.

For the preschool set

When my son was four or five, he loved playing store and making change – a chip off the old block, I guess. I always had a baggie of small bills and coins around. The tool bench in his room became the checkout counter, so did the ottoman in our family room. To this day, he counts the change he receives from cashiers, and has caught their errors more than once.

For elementary school kiddos

“Pit” is a fast-paced card game for three to eight players designed to simulate open-outcry bidding for commodities. The game was developed for Parker Brothers and first sold in 1904. The decks consist of 74 cards, with 9 cards each of 8 different commodities: barley, corn, coffee, oranges, oats, soybeans, sugar and wheat. Pit has no turns; everyone plays at once. Players trade commodities among one

another by each blindly exchanging one to four cards of the same type. The trading process involves calling out the number of cards one wishes to trade until another player holds out an equal number of cards. The two parties then exchange the cards face down. When a player has nine cards of the same commodity, they will call out “Corner on...” the commodity they have obtained, thereby ending the round.

For the middle and high school crew

Outschool.com now offers over 10,000 live, video-enabled classes for young people in small groups with dynamic instructors. Learners select content ranging from typical academic subjects to more adventurous classes such as pet trick training, forensic science, engineering with Minecraft, and wilderness survival skills. Prices vary by topic and course length, but the introductory wilderness survival class, for example, costs \$45 for a total of three, 45-minute classes. Financial Literacy Classes include *All About Benjamins: A Teen Guide to Financial Independence*; *Get Rich Slowly: Intro to Finance and Investing*; *Financial Literacy: Developing your Banking and Saving Skills*; and *Investing 101 in the Financial Markets*.

For college and beyond

Whether kids will be heading off to college or have recently graduated, wealth education takes place in the real world with real life lessons as they become increasingly financially independent. While in college, or before they have their first job, parents or grandparents often continue to pay housing and, of course, tuition. That said, it can be helpful for young adults to become increasingly responsible for ancillary expenses and to build credit.

To start working toward this goal this summer, parents or grandparents might cosign for a credit card in the child’s name, expecting that the child will become responsible for paying it off monthly. Parents or grandparents may make annual exclusion gifts, portioned out monthly or quarterly (as an allowance) to help the child with budgeting. With these amounts, young adults can be responsible for their own car insurance, phone, aforementioned credit card payments, and maybe a little savings on the side. Summer is a good time to begin developing a budget and implementing these financial plans for the coming year.

Summer activities with the kids can include a little age-appropriate, wealth-related educational development. With some creativity, it can be a fun way to spend time indoors with our kids as social distancing requirements alter our traditional summer plans. ■

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INFORMATION WE HOPE YOU NEVER NEED



Leslie Kiefer Amann, JD
Chief Fiduciary Officer and
Senior Vice President

In ordinary times, you may be reluctant to share private documents like wills and trusts with anyone until they are actually needed. But these are not ordinary times. Maintaining privacy and security is important; we should diligently protect financial documents. But rules have exceptions. Your emergency medical instructions should not be as secret or inaccessible as the rest.

Basic planning documents include:

- ▶ a will and/or revocable trust;
- ▶ a power of attorney to say who makes financial decisions if you are incapacitated; and
- ▶ medical directives to say who has authority to see your records and make medical decisions if you are unable to make them for yourself.

Often signed (in a formal ceremony) and put away where only the lawyer, signer, and perhaps a spouse has access, these documents languish in the lawyer's office, a safety deposit box, or some forgotten file drawer at home.

Hospitals are under siege; their staff are desperately trying to stay healthy themselves. In most medical facilities, only the patient is allowed in the building. A family member may not be able to present your instructions when and where they are needed.

Here are some thoughts to help a hospital or doctor find and communicate with your health care agent as intended:

- ▶ Don't apply these ideas to documents that have details of your financial assets; these apply only to your health care directives.

- ▶ Make sure to include contact information for anyone named as having authority. Don't write on them (some states require they be unaltered when presented); make a separate contact "cheat sheet" and keep the information together.
- ▶ Give every designated agent or decision maker a complete physical copy and a digital copy including the contact information. You may also want to give copies to close family members or friends likely to be with you if disaster strikes.
- ▶ Take two copies with you if you go to a hospital, where they typically will keep a paper copy. Have the second copy in case you are transferred.
- ▶ Ask your primary care doctor or specialist you see often to put a copy in your medical file.
- ▶ Consider putting a shortcut to a digital version on the front page of your phone and home computer. Keep a copy in the glove compartment of your car.

These statutory forms can be revised easily; keep them up to date. "Refresh" medical directives every few years and the contact information more frequently. If your daughter married and changed her name or a sibling is working overseas – update! When an estate is probated, there is time to work out complications as to names or geography but in the emergency room, these may be life or death problems.

Privacy is important but consider making emergency medical instructions readily available to those who care about you. And we hope you never need this information. ■

Sentinel Trust Company is a family-owned, multi-family office focusing on the unique needs of affluent families and their closely held companies and foundations. Sentinel Trust provides advice on investment, tax, and estate strategies, serves as corporate trustee, and provides lifestyle services with a personal touch.

Together, families prosperSM

Founded in 1997 as the successor to two established, investment-focused single family offices, Sentinel Trust offers the stability of an institutional firm, the entrepreneurial spirit of a young firm, the personal feel of a family office, and the in-house technical skills of independent planning and investment management firms.

Sentinel Trust does not provide tax advice. Any discussion of tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of avoiding any tax-related penalties. This communication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation, or an offer to buy or sell any securities or products.



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