

Delaware Directed Trust services



RBC Trust
Delaware

Delaware's Courts rank first among all 50 in the fairness of its litigation environment, a position it has held for fifteen years running, according to Lawsuit Climate 2015: Ranking the States. Delaware has long been considered one of the premier trust jurisdictions due to its Directed Trust Statute, investment flexibility, tax advantages, and favorable legal climate.

Flexibility

For trusts domiciled and administered in Delaware, the statute provides the ability to separate investment responsibility from trust administration. This gives clients the ability to either retain full control of the investment decisions or to appoint someone other than the trustee as investment advisor. Clients then attain the flexibility to invest in assets that would otherwise not be an acceptable asset to a full service trustee. It also allows the client to potentially retain or be more involved in the decision making process for alternative investments such as family closely-held businesses, limited partnerships, limited liability companies, and real estate. The Directed Trust Statute has also been tested in Court and was upheld in the *Duemler v Wilmington Trust* case.

Tax advantages

It has long been established that Delaware State income taxes are not levied on U.S. Beneficiaries who are not residents of Delaware. This can result in a substantial tax savings for beneficiaries.

Favorable trust laws

In addition to the court system, Delaware is always at the cutting edge of introducing new trust legislation. Other states often follow Delaware's

lead. A committee of the Delaware Bar Association continually reviews and modifies the law to maintain Delaware's position as a trust friendly state.

- **Decanting Statute** — Delaware allows considerable flexibility to amend problematic irrevocable trusts in order to better address the administration and needs of beneficiaries. Delaware law allows a trustee to "decant" the assets of a trust to a new more modern trust.
- **Privacy** — Delaware does not require periodic court accountings or that the trust document be filed as other states might. This provides Delaware clients greater discretion regarding their wealth and family interests.
- **Dynasty Trusts** — Delaware has removed perpetuity requirements for trusts with the exception of real estate. This allows wealth to be past in perpetuity without expiration, which may provide substantial federal transfer benefits. Personal property trust can be perpetual, thus providing the environment to create perpetual dynasty trusts.
- **Delaware Asset Protection Trusts** — Delaware statute provides for protection of trust assets against unforeseen future creditors, frivolous lawsuits, etc. Clients have peace of mind that assets may be protected for future generations.

Trust company profile

- Over \$3.2 billion assets under administration
- Over 1,800 accounts
- Minimum account size of \$500,000
- 50+ employees
- 2014 STEP Trust Company of the Year
- AA- Credit Rating (S&P)

In many cases the benefits of Delaware law can be extended to existing trusts created under another jurisdiction as well. If the trust document permits, and many have sufficient flexibility to do so, a trust can be moved to Delaware to take advantage of a modern and flexible trust environment. The potential benefits may include more favorable tax treatment; the ability to appoint Investment and Distribution Advisors and/or Trust Protectors; the ability to decant a problematic trust; creditor protection; perpetual trust duration; and lower overall trust administrative fees charged by the Trustee.

For more information about our Delaware Directed Trust Services, please call 302.892.6900

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