

APPENDIX

FIDUCIARIES

Estate planning requires the assignment of various roles, some of which have been previously mentioned. These roles are typically defined as fiduciaries, which are individuals in a position of trust who have legal obligations or duties to act with care and loyalty and in the best interest of another party. An important part of the estate planning process involves the careful selection of these individuals or entities that you have entrusted to carry out your estate plan.

- **Executor**
The executor is the person or entity responsible for gathering your individually-owned assets following your death, managing and maintaining your assets, completing all the administrative and tax responsibilities of your estate, and distributing your assets according to your express wishes, as stated in your will.
- **Guardian**
This individual is responsible for the physical, day-to-day care of your minor children following your death.
- **Trustee**
This fiduciary has the responsibility for investing and managing the trust assets, distributing the assets in accordance with the terms of the trust, keeping accurate records, and filing tax returns. You can be the trustee for your living trust if you so desire, but you should appoint the trust's successor trustee as well. In certain circumstances, the use of a corporate trustee can be valuable; the Bank of NY Mellon (the parent company of Pershing Advisor Solutions) and Charles Schwab offer corporate trustee services to their custodial clients for a fee.
- **Estate Planner**
This lawyer prepares documents and helps to execute the transfer of your wealth and assets after your death.
- **Investment Advisor**
Your portfolio manager is required by law to exercise the highest level of care, prudence, and loyalty in the management of your assets. This fiduciary duty applies with our clients when they are alive and with their estates after they have passed away.
- **Health Care Agent**
This person is responsible for making medical

decisions on your behalf in accordance with the express directions outlined in your advance health care directive.

- **Power of Attorney for Finances**

This fiduciary exercises responsibility for taking care of you and your property if you are mentally incompetent and need a third-party to assist you in managing your financial affairs.

BASIC TYPES OF TRUSTS

- **Marital or "A" Trust**
Designed to provide benefits to your spouse; generally included in the estate of your spouse.
- **Bypass or "B" Trust**
Established to bypass your spouse's estate to make full use of any Federal estate tax exemption.
- **Testamentary Trust**
Outlined in a will and created through the will after your death; often is subject to probate court supervision.
- **Irrevocable Life Insurance Trust**
Designed to exclude life insurance proceeds from your taxable estate, while providing liquidity to the estate.
- **Charitable Lead Trust**
Allows certain benefits to go to a charity and the remainder to your beneficiaries.
- **Charitable Remainder Trust**
Allows you to receive an income stream for a defined period and stipulate that any remainder of the assets be distributed to a charity.
- **Generation-Skipping Trust**
Permits assets to be distributed to your grandchildren or later generations without incurring either a generation-skipping tax or estate taxes on the subsequent death of your children.
- **Qualified Terminable Interest Property Trust**
Used to provide income for your spouse. Upon your spouse's death, the assets then go to additional beneficiaries named by you.
- **Grantor Retained Annuity Trust**
Designed to shift future appreciation on appreciating assets to the next generation during your lifetime, thus avoiding estate taxes that would otherwise be applicable on that appreciation after your death.

