

AUGUST 2008



Summit

160 Bovet Road
Suite 405
San Mateo CA, 94402
info@summit-advisors.com
650-357-9410

Mark Pietrofesa

mark@summit-advisors.com
650-357-9410

Rafael Velez

rafael@summit-advisors.com
650-357-9410

William Fisher

william@summit-
advisors.com
650-357-8812

Michael Radakovich

michael@summit-
advisors.com
503-445-6661

Cristina Petersen

cristina@summit-
advisors.com
650-357-8812

Finding the Best Fiduciary: In Whom Will You Trust?

Making decisions about the “who, what and how much” of your estate plan is difficult enough. But what arguably matters just as much as these decisions is whom you choose as your fiduciary—the person you designate to act on your behalf if you die or are declared mentally incompetent.

The fiduciary plays multiple roles to ensure that your survivors manage your affairs as you’ve planned and in the best interests of the estate. Some of these roles may overlap (see list below).

The size and complexity of your estate can make the fiduciary’s already formidable role that much larger. That said, the person you choose must be qualified, competent and trustworthy, and possess a thorough understanding of his or her responsibilities.

SO WHO WILL IT BE?

Family members are a popular choice for these roles, particularly a surviving spouse. And while few people know you better than your partner, consider this option

carefully. For example, if you will both be elderly when you plan to put the estate plan into action, this role could be a burden on your loved one when he or she is perhaps unequipped to handle the challenge.

Grown children are another option within your family, particularly if your estate is small and uncomplicated and you have made explicit directions regarding the disposal of your assets. Sons and daughters also will not charge for their services. However, a family member in this role can create complications. Tensions may arise among surviving family members when one person is seen as controlling the money. For example, the fiduciary may be unwilling or unable to refuse requests for distributions from the estate by family members, or she may be second-guessed by other family members regarding her money-management decisions.

REACHING OUT FOR TALENT

A third-party fiduciary from a bank or financial institution could alleviate some of these potential flash points. Professional trustees

If you should become incapacitated, a fiduciary acting as a medical or financial power of attorney will make health care or medical decisions on your behalf.

An executor—who could easily have power of attorney—carries out the provisions of your will and manages the process of probate, if necessary.

A trustee manages your trust’s assets, which includes making investments and managing distributions.

A guardian provides shelter, guidance and financial support to the underage children in your family.

Finding the Best Fiduciary: In Whom Will You Trust?

Continued from page 1

have both the resources and the knowledge to effectively handle complicated estate plans. They are also more likely to understand their responsibilities in filing regulatory and tax filings each quarter or year. A professional also has the time and resources to keep your estate in order.

The downside? Such services can be expensive. Typically, a trustee will charge a percentage of the trust's assets annually, plus a per-hour administrative rate.

Also, fiduciaries from larger financial institutions might be less prone to communicate frequently with your family members when they request information or updates. Ideally, there is a trustworthy advisor—perhaps an attorney or financial planner—you have known for a while and feel comfortable enough to tap as your professional trustee.

Once you have chosen your fiduciary—be it a family member or professional

overseer—it's vital that you sit down with that person, along with your accountant, estate attorney and financial planner, to ensure that everyone knows your wishes and goals. When you provide specific details in your will or trust documents—and even in casual communication with your advisors—you'll be more assured that your estate will be handled as you wish. ■

This newsletter is provided by the firm listed on the header. This firm is either a registered investment adviser ("RIA"), qualifies for an exemption or exclusion from registration as an investment advisor, or does not fall within the definition of an RIA under the Investment Advisers Act of 1940 (the "Act") or applicable state laws. Any subsequent, direct communication by the firm with a prospective client shall be conducted by a representative who is registered, qualifies for an exemption or exclusion from registration in the state where the prospective client resides, or is not defined as an investment advisor representative under the Act or any applicable state laws.

This newsletter contains general information that is not suitable for everyone. The information contained herein should not be construed as personalized investment advice. There is no guarantee that the views and opinions expressed in this newsletter will come to pass. Investing in financial markets involves gains and losses and may not be suitable for all investors. Information presented herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security.