

Benefits of a Co-Pilot in Portfolio Management

Appendix removal?

Use a professional every time.

Root canal?

Same answer.

Litigation?

Go with the best pro you can hire.

Car repair?

Hire a specialist.

Invest your money?

Save money by doing it yourself.

Let's see... do you notice inconsistencies in this thinking?

It's true that an investment advisor is going to charge a fee for services rendered. That seems to be a reasonable expectation. But why wouldn't you be inclined to hire a professional in this case, as you would in these examples?

It's fairly easy to simply hold your investments, make few changes, collect the income, and distribute funds according to your financial plan. It's often sound financial advice to find some good investments and hold them for the long term. So maybe in that case, where everything is on autopilot, an investment advisor may seem unneeded.

But, as you are automatically flying along, do conditions change? Do objectives change? Does the equipment you are using need attention? Are there facts that arise that you did not consider when you filed your flight plan?

You understand the need to hire a pro when it involves something that you absolutely cannot do yourself. You also know that you can't simply create a plan and make no changes for the rest of time.

Now, consider the possibility that your results would improve with the help of an investment advisor. Consider whether the advisor might earn a fee and still return more to you than you are earning right now. Consider also the possibility that the advisor will not make rapid changes, but will make adjustments to your investment portfolio that make sense as times change. It might just make sense to sit down periodically with your advisor to take an independent look at the portfolio. With this professional evaluation, you could more likely be motivated to take a hard look at where you are now, and if that is where you want to be in the future.

Also, consider all of the time and resources that the fee that you pay will bring to the table. You cannot possibly duplicate the knowledge and experience of a firm of advisors who are doing investment management full time. You may have a newsletter or two you read faithfully. You may tune into your favorite cable financial show. You probably read the *Wall Street Journal* and other financial periodicals. Does that give you a base knowledge to assist you with your financial management? Yes, it does that very thing. But, can you do better with an investment advisor who has made a career of it? Probably so. In fact, if you are a knowledgeable user of those services, the advisor will appreciate your input and the discussion about your investments will be even more productive.



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A friend recently noted, “There is one other reason to use a professional. That is when one marriage partner has little investing experience. I decided I was getting to an age where the chances of me dying or developing a serious illness is greatly increasing; so, I want to have test driven an advisor before that happens.”

Certainly, look around at the alternative services that are available. Meet with the potential advisors. See if you like their approach and relate well to what they say. Yes, you can compare costs from one to another. You can also ask to see what their past performance has been. You can even start out with a small part of your portfolio to see how it goes.

You may find that you get better results. You might have a better assurance that your investments are being well taken care of. Think of all the other times you buy insurance to protect against risk. Plus, there is the added benefit of more time to enjoy the fruits of your investments and less time to spend studying, managing, changing and updating your portfolio on your own. You may not be on autopilot, but you will feel better, perhaps, having a co-pilot on board. ■

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MANY HATS IN TRUST ADMINISTRATION

Historically, the traditional trust had a trustee and beneficiaries. The modern trust may have four, five, or more fiduciary and non-fiduciary positions that might include: administrative trustee, distributions trustee, trust protector, investment advisor, loan director, charitable designator, person holding a power to add beneficiaries, person holding powers of appointment, person holding the power to swap or substitute assets, and more. Many of these positions, because they are relatively new, are known by different names. Different state laws might use different terminology, and there are wide variations in how different attorneys draft the provisions governing these positions. Thus, trustees, beneficiaries, and anyone involved with a trust should review the specific terms of each instrument governing each position and not presume that a particular title has a specific meaning without verifying.

Administrative and general trustee. An institutional administrative and general trustee may be designated, typically a bank trust department or trust company. This position will hold all trustee powers in the governing instrument that have not been allocated to other fiduciaries. For example, if the trust names a trust protector and investment trustee, the general and administrative trustee will have all trust authority not given to those other two positions.

Distribution trustee. The trust could name a person, or group of persons acting as a committee, to be responsible for trust distributions. Caution should be exercised

as the power to distribute is a tax sensitive power that could cause trust assets to be included in the power holder's estate if not properly handled. The settlor may be safer in terms of accomplishing trust goals by leaving this function under the auspices of an independent institutional general trustee.

Insurance trustee. A person could be designated to be responsible for life insurance decisions of the trust. This person should not be the insured. By providing for a separate person to be responsible for insurance decisions, and including prohibitions against the settlor/insured being involved in these decisions, the trust can hold both life insurance and other assets. Some of the advantages of this include the ability to use a single trust to hold business interests and life insurance, instead of multiple trusts, and the ability to use income generated by trust investments to pay for life insurance premiums.

Trust Protector. This is a person appointed to hold important powers over the trust and, perhaps, to perform certain other defined roles. The protector may be given the power to remove and replace existing trustees, correct scrivener's errors, modify administrative provisions, change trust situs and governing law, and other powers depending on the circumstances and goals.

Substitutor. This person, who may be the settlor or another person, can be given the power to exchange or “swap” assets of the trust for assets of equivalent value.

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The common application of this technique is to swap highly appreciated trust assets back into the grantor's estate so that on death they will qualify for a step-up in income tax basis. Provisions should be added to the client's durable power of attorney to address this power in the event of disability. It also is prudent to arrange lines of credit to facilitate acting on this swap power in an emergency situation.

Charitable designator. One of the means of creating grantor trust status is to empower a person to add to the class of beneficiaries, such as a charity. With the new restrictions on income tax benefits of itemized deductions, perhaps it is advisable to include a mechanism to add charitable beneficiaries in more trusts to provide flexibility for settlors to make contributions out of irrevocable trusts if that proves advantageous in the future.

Modern trust drafting, tax uncertainty, longevity, and a range of other factors are transforming how trusts are planned, drafted, and administered. The wide array of positions, fiduciary and non-fiduciary, that may be included in a trust instrument are among the most affected areas. Creative and careful selection of these positions, and the persons named to serve in them, can infuse substantial flexibility into trust planning. ■

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Do you know that you do not have to have a trust to utilize our investment expertise? In fact, a large percentage of our clients only use our asset management services. Our investment group welcomes the opportunity to discuss your wealth management needs.

To learn more, give us a call or visit:
www.tcvwealth.com

YOU ASKED...



Q&A

Why the name change?

Recent expansion into Tennessee prompted the company's leadership team to consider a name change, but another factor played a role, too. Under the original name, "The Trust Company of Virginia" was widely known for providing trust and estate services. The firm's other line of business – providing asset management and investment services – wasn't readily apparent. Our name better conveys both services: trust services and wealth management.

Did The Trust Company of Virginia merge with another company?

No, only our name has changed. We are the same independent, employee-owned trust and wealth management company as before.

How does the name change affect my existing documents?

Be assured that all documents naming "The Trust Company of Virginia" remain valid and do not require any reference to our new name.

Are TCV's services a good option for me?

When evaluating new client relationships, we determine what is most beneficial for each client based on their individual needs. It is not necessarily about the account size but more about bringing value to the family or the relationship. We welcome the opportunity to meet with you to discuss your financial and trust needs or questions.

Events Around the Company

2019 is filled with client and professional events throughout our region. Client Appreciation evening events are planned, like the one we recently had for Richmond guests at the Virginia Museum of History and Culture. This event was a night filled with wonderful music by the Maggie Walker Governor's School Cantante Strings Ensemble, followed by delicious catered cuisine.

Our Roanoke office hosted a client luncheon featuring a presentation on *Embracing the Empowerment of Aging Well*. A very interesting discussion took place on "brain health" and the topic, "Eat Today for How You Want to Feel Tomorrow."

Recently, our Lynchburg office sponsored the *Conference on Aging*, a one-day event held at the University of Lynchburg. The conference featured keynote presentations and workshops on a variety of aging-related topics.

Please be on the lookout for invitations to upcoming events. We hope you will join us!



A professionals "Meet & Greet" social at the Bentley of Tysons Corner automotive dealership. Pictured left to right: Doug Nunn, Lisa Del Sordi, Gregory Smolen, and Chuck Ritchie.

Here Today, Here Tomorrow

Given the non-stop consolidation in the banking industry, do you wonder if you are getting the personal service you deserve?

For over 25 years, our focus has been on preserving our clients' financial assets, managing growth, and efficiently transferring wealth from one generation to another.

This stability of purpose allows us to provide the high level of personal service our clients expect.



TRUST & WEALTH
MANAGEMENT

A trust is not required to utilize
our investment expertise.

ASSET MANAGEMENT | TRUST ADMINISTRATION | ESTATE SERVICES

Independent Trust Company | Employee Owned

Richmond | Williamsburg | Roanoke | McLean | Lynchburg | Knoxville