



CUMBERLAND TRUST

The Importance of Trusts:

Working with an Independent Corporate Trustee

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About Us

Unique Trust Platform

- Independent corporate trust company.
- Serves as trustee, co-trustee, executor, co-executor, or agent.
- Partners with chosen professional advisors (Financial Advisor, CPA, Attorney, etc.).
- Focuses on administration and beneficiary needs, not money management.

Continuity

- Founded in 2001 in Nashville, Tennessee.
- Originated as a response to bank trust department consolidation and turnover to provide continuity and consistency from a corporate trustee.

High Service Standards & Delivery

- Dedicated trust officers who understand beneficiaries.
- Employees show respect and concern for clients, interests, and assets.
- Experience and diplomacy in dealing with complex family dynamics.



Cumberland Trust Fast Facts

\$5+
billion in AUA*

10
offices across the
country

47
states where
beneficiaries reside

800+
advisor
relationships

1,000+
families currently
served

120+
employees focused
on client service

29
years of industry
experience (average
executive manager)

38
family relationships
per trust officer
(average)

*AUA as of October 2022

Trust 101



Why Establish a Trust?

A trust is a separate legal entity that helps facilitate the shared stewardship of assets, ensuring that they are **protected, managed, and distributed according to an individual's or family's wishes.**

- **Preserve** wealth and protect it from lawsuits and creditors, implement strategic tax planning, and/or avoid probate for privacy.
- Allow for an objective trustee to **facilitate continuity** and **ensure family goals are achieved.**
- **Transfer wealth** to a surviving spouse and the next generation.
- Provide for a loved one with **special needs.**
- Achieve **charitable giving** goals.



Important Roles in a Trust

Examples:

Grantor(s) or Settlor(s)

- Family Patriarch/Matriarch

Corporate Trustee

- Cumberland Trust

Investment Manager

- Financial Advisor

Initial Beneficiary

- Children

Named Beneficiary

- Grandchildren

Trust Protector

- Optional (Could be advisor or family member)

Co-Trustee

- Optional (Could be advisor or family member)



The Trust Document

- Details the assets in the trust and explains how it should be administered
- Created while the grantor is living or upon the death of the grantor
- May fund the trust and transfer assets as soon as it is set up or may create the trust and leave it unfunded, placing the assets in later



Trust Assets

Virtually any type of property, such as:

Real estate

Retirement funds

Annuities

Tangible or intangible property

Stocks and bonds

Personal collections

Business interests



Factors Leading to an Increase in Trusts

Dollars available
(multi-trillion-dollar
opportunity)

Blended families

Family charitable
goals

Special needs

Family business

Aging population &
health concerns

Substance abuse

Spendthrift heirs

Protection against
lawsuits



Common Trust Types

Family Trust

Asset Protection Trust

Special Needs Trust

Charitable Trust

ILIT

Revocable Living Trust



The Role of the Trustee

Duties of Cumberland Trust

Duties of Your Chosen
Investment Advisor





Trustee Options

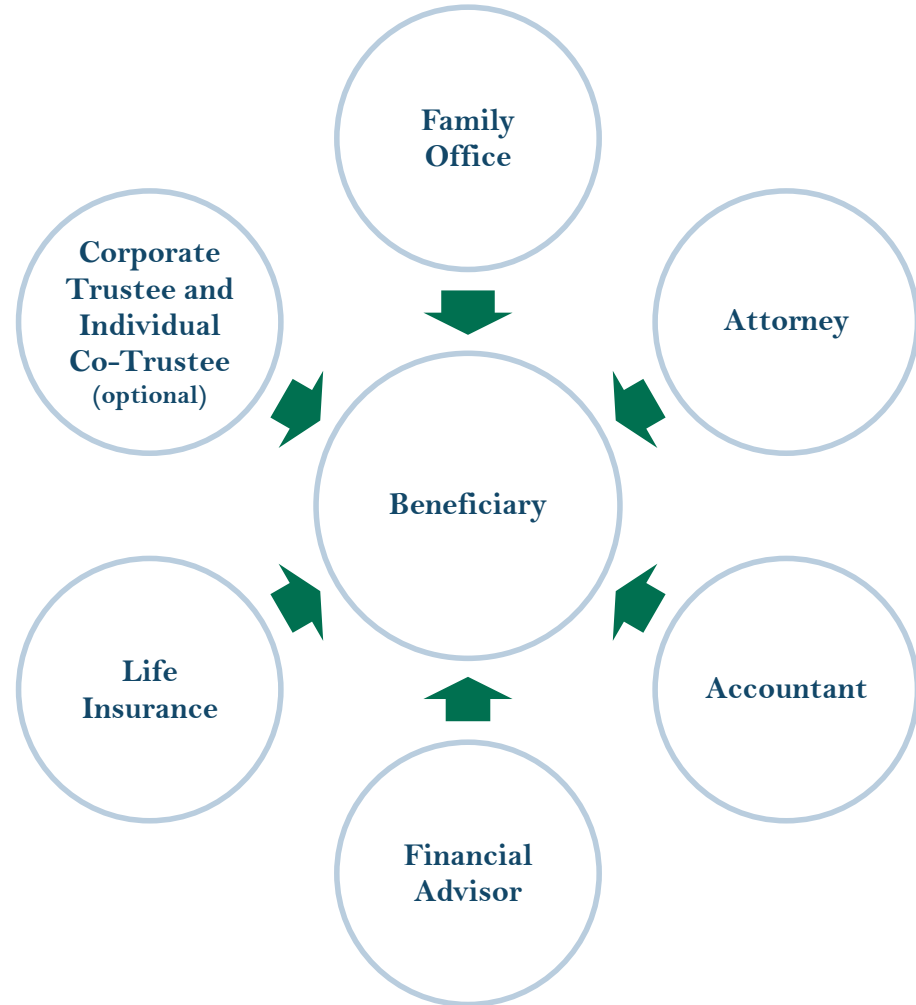
| Trustee Characteristics | Traditional Bank or Corporate Trustee | Individual Trustee | Cumberland Trust |
|--|--|---|---|
| Conflict of interest related to investment management | <i>Yes, inherent conflict</i> | <i>Limited</i> | <i>No</i> |
| Trust officer turnover and availability | <i>High turnover and often client call centers</i> | <i>Low turnover, but potential risk of losing trustee</i> | <i>Low turnover and highly responsive</i> |
| Client choice of investment manager | <i>Rarely</i> | <i>Yes</i> | <i>Yes</i> |
| Flexibility in decision making | <i>No</i> | <i>Yes</i> | <i>Yes</i> |
| Regulated/monitored by independent government entities | <i>Yes</i> | <i>No, and higher chance of litigation</i> | <i>Yes</i> |



Our Key Differentiator:

Family maintains relationship with advisors

- Our focus is on **trust and estate administration, not investment management services.**
- Many clients have developed long-standing relationships with a **team of professional advisors** based upon trust, confidence, and experience.
- We work exclusively with the wealth and estate planning advisors **chosen by the grantor and/or beneficiaries.**
- We follow the wealth transfer plans of our clients to protect their **family legacy.**
- If a bank trust department is selected for trust and estate services, families jeopardize those **advisor relationships.**



In-House Resources for Senior Care



Distinctive Care Services

Provides an extra level of care in addition to our typical trust and estate administration services.

Support services for aging adults, those with medical needs, or other unique circumstances.



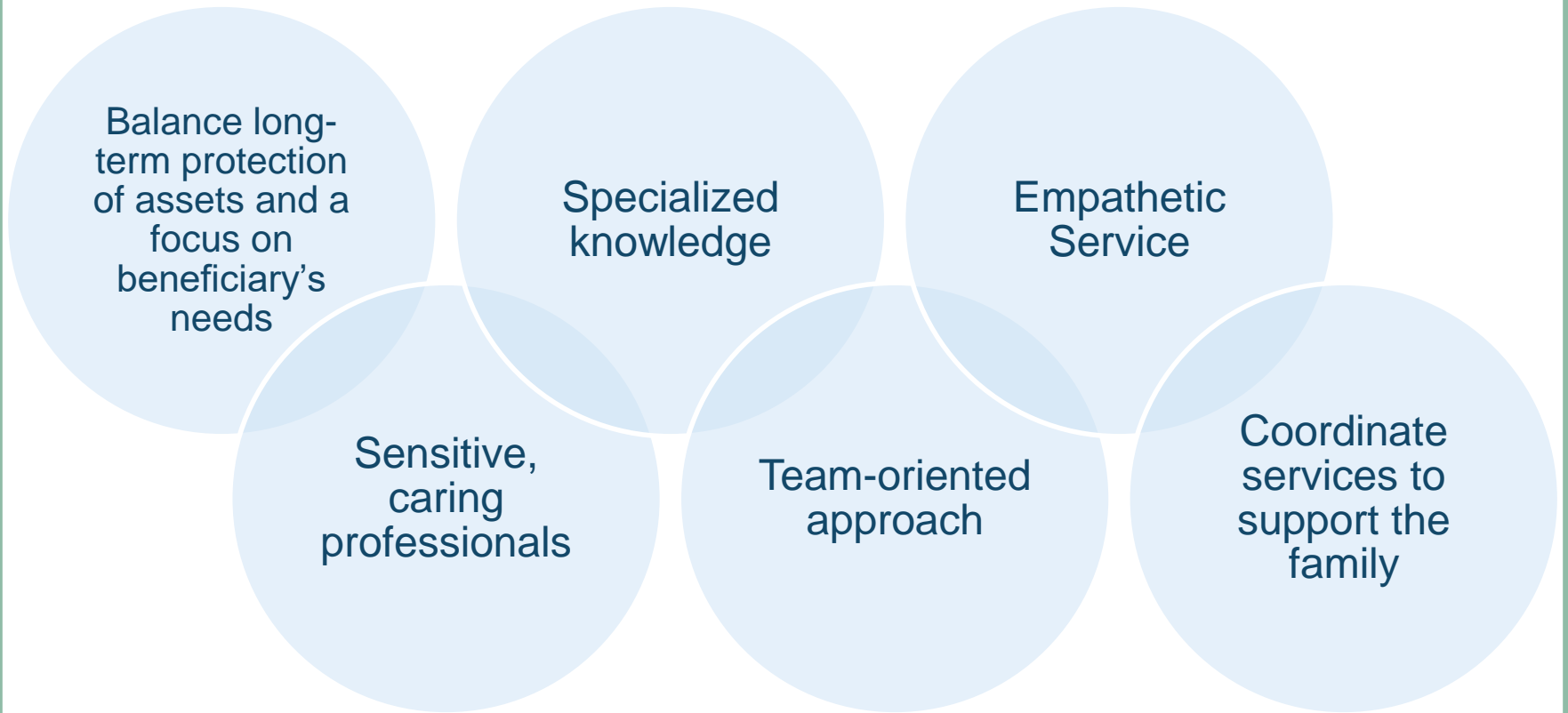
Trust Administration with Extra Support

We assist in the coordination of a full range of tailored services such as:

- Work directly with **appointed individuals** (e.g., conservators, guardians, healthcare and financial POAs) to facilitate trust related services.
- Facilitate the setup and scheduling of **bill pay** for expenses paid by the trust.
- **Review and forward mail** for trust paid bills and monthly expenses.
- Coordinate third-party **home maintenance** and **senior living** moving services.
- Facilitate trust-held **real estate sales**.
- Work with third-party service providers to manage **payroll processing and HR services**.
- Coordinate **healthcare enrollment** with third-party service providers.
- Work with **Medicare agencies and Social Security Administration** to assist with administrative issues related to the client's trust.
- Apply for **long-term care insurance**.
- Coordinate **charitable donations** to beneficiary-selected charities.



Our Expertise



In-House Resources for Special Needs Trust

Disability in the United States

54 MILLION

or 1 in 4 American adults have a disability



1 in 3 American families have a member with a disability



Many disabilities overlap in individuals, but estimates indicate:

3.5M with an autism spectrum disorder

7M with an intellectual or developmental disability (IDD)

6M with a brain injury

46M with a mental illness

20M with a physical disability (sensory, mobility, impairment, etc.)



72%

people with an IDD who live with a family caregiver



25%

of those live with caregivers over 60



>50%

of those with an IDD will outlive both parents, absent a chronic or acute medical condition

Special Needs Trusts

Supplemental Care Trusts

- Most Common
- Created to supplement, not supplant
- Allows beneficiaries to continue to qualify to receive support from governmental programs
 - Supplemental Security Income (SSI)
 - Food Stamps
 - Medicaid
 - Housing Subsidies

Pooled Trusts

- Pool of smaller trusts
- Reduces administration cost
- Alternative for smaller estates
- Separate account for each beneficiary but “pooled” assets for investment purposes.
- Established and administered by a specialized non-profit organization.

Types of Special Needs Trusts

First Party

- Funded with assets belonging to the beneficiary
- The trust is established by one of the following:
 - ✓ Legal Guardian or Conservator
 - ✓ Parent or Grandparent, but must have independent legal authority over assets
 - ✓ A mentally and legally competent beneficiary of the SNT
 - ✓ Court
- Trust must be irrevocable
- Beneficiary is under the age of 65
- At death of beneficiary or SNT termination, required to reimburse Medicaid before remainder beneficiaries can receive any residual funds.

Third Party

- Funded with assets NOT belonging to beneficiary
- No age restrictions
- No Medicaid reimbursement
- Remainder beneficiaries designated by the grantor

Trust Distributions

A distribution is a payment from a trust account for goods or services provided to or for the benefit of the SNT beneficiary.

Distributions vary depending on individual public benefits, but may include:

- Home improvements/modifications
- Furniture, appliances, and electronics
- Vehicle purchase/vehicle maintenance and insurance
- Recreational and vocational activities
- Transportation and travel
- Educational and training opportunities
- Communications equipment or computers
- Professional services, including caregivers, attorneys, accountants, and claims processors
- Legal fees
- Medical costs not covered by Medicaid/Medicare
- Taxes
- A pet, veterinary services, food, and supplies
- Life insurance premiums
- Funeral and burial expenses

A Guide for Parents and Caregivers

Along with a corporate trustee, assemble a team of allied professionals to secure the beneficiary's future needs:

- An Estate Planning attorney knowledgeable about the legal requirements of SNT planning.
- **Guardian:** Person granted with the authority to decide where the special needs individual will live, make decisions about medical care, and provide for comfort and maintenance needs including food, clothing and other matters that contribute to his or her well-being.
- **Conservator:** Person appointed by the court to use the ward's assets to pay bills, apply for government benefits, in some states, and handle insurance issues and any other financial matters for the person with special needs.
- **Investment Manager:** Who will serve as the financial advisor managing the trust's assets?
- **Life Care Planner or Manager:** A person who monitors and advocates for services to help ensure the individual with special needs can maintain the greatest possible degree of independence, safety, and comfort.
- **Accountant:** Provide knowledge about any tax deductions that may be applicable as a result of special needs expenditures.

A Guide for Parents and Caregivers

Consider if the beneficiary with special needs will require:

- **Property Manager:** Who will manage any personal property owned by the trust, if the beneficiary cannot independently manage it themselves?
- **Medicaid/Medicare/Housing Voucher Program:** Is the beneficiary currently a recipient or will he or she need to be enrolled in future?
- **Public Benefits Payments :** Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), Social Security retirement benefits, Social Security survivor benefits (widow/widower/child) .
- **Public Benefits Specialist and Claims Processor/Representative Payee:** Person or entity appointed to manage Social Security benefit payments on behalf of the recipient, if he or she is incapable of doing so.
- **Life Insurance Professional:** Person familiar with the challenges faced by those with special needs.
- **Special Education Expert:** Assists with an education plan for a school-aged beneficiary.
- **Home Accessibility Specialist:** Person who specializes in assisting disabled individuals with home accessibility needs.

A Guide for Parents and Caregivers

Additional considerations:

- **Letter of Intent/Instruction:** A non-legally binding document that informs a trustee about the beneficiary's functional abilities, routines, preferences, medical history, likes and dislikes, and any other information that will help the trustee understand and meet the beneficiary's needs.
- Coordinate the estate plans of **other family members** who may wish to benefit the beneficiary with special needs.
- Review **assets and beneficiary designations** to ensure funds or resources pass to the SNT rather than directly to the individual with special needs, in order to avoid the loss of means-tested public benefits.
- **Estate planning** for the adult with special needs (Will, Financial Power of Attorney, Healthcare Power of Attorney, Advance Healthcare Directive).

SNT Beneficiary Document Checklist

The following are beneficiary documents related to Special Needs Trust administration that we request when onboarding a new trust relationship.

- ❑ **Proof of insurance:**
 - Medicaid
 - Waiver information (in addition to general Medicaid benefit)
 - Medicare
 - Private health insurance
- ❑ **Letters of authority:**
 - Representative Payee
 - Guardianship/Conservatorship
 - Power of Attorney
 - Advance Health Care Directive
- ❑ **Proof of (financial) public benefits:**
 - Supplemental Security Income (SSI)
 - Social Security Disability Insurance (SSDI)
 - Social Security retirement benefits
 - Social Security survivor benefits (widow/widower/child)
- ❑ **Life care plan and care management assessment(s), if available.**
- ❑ **Confirmation of SNT approval (supervising court and/or Medicaid agency, where applicable). Executed trust agreement should be sent to SSA, DHS/Medicaid if beneficiary is receiving benefits.**
- ❑ **Vehicle lien (if a vehicle has already been purchased).**
- ❑ **Operating budget and/or distribution schedule (if serving as successor trustee).**
- ❑ **Pre-paid funeral contract**
- ❑ **Annuity information**
- ❑ **Medicare Set-Aside information**
- ❑ **Settlement Statement and any court orders pertaining to the trust**

Next Steps



Takeaways & Questions

- Speak with your clients about their estate plans
- Ask questions about future family considerations
- Let Cumberland Trust be a resource



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