

Private Trust Company Overview

Private Trust Companies

The Private Trust Company (PTC) allows client families to unbundle fiduciary services in furtherance of family and financial goals.

Some states, including Wyoming, have authorized *Private Trust Companies* (“PTCs”). The PTC is a business entity organized to provide fiduciary services to a family, which is broadly defined to include multiple generations and branches of an individual family. The PTC combines the structure and benefits of a corporate trustee with the flexibility of allowing trusted advisors and family members to participate in PTC operation and trust governance, as appropriate and consistent with tax objectives. It also allows the family or its trusts to own the trust company that serves as trustee of its family trusts.

The PTC is operated by the family and its trusted advisors, often in conjunction with a family office and an administrative services provider (e.g., Willow Street Group). The PTC is managed by a Board of Directors, whose role is to provide oversight to the PTC. Investment activities are performed by an Investment Committee, comprised of family members and trusted advisors. Distribution activities are performed by a Distribution Committee, typically comprised of disinterested family members and trusted advisors. Administrative tasks are performed by a family office, the administrative services provider, or a combination thereof.

PTCs are often preferable to the traditional trustee model because they:

- Allow the family to have *more control* over their fiduciary structures,
- Separate the different tasks and allocate each to a party with the requisite *expertise*,
- *Decrease costs* associated with traditional corporate trustees,
- Allow the family to hold *concentrated positions* or *non-traditional assets*,
- *Limit liability* for family members,
- *Increase efficiencies* in decision-making and implementation,
- Provide a *liability shield* for family members and trusted advisors serving in fiduciary roles,
- *Decrease trustee costs* through economies of scale and lack of profit motivation, and
- Facilitate *family participation*, *beneficiary education*, and *collaboration with trusted advisors*.



The following chart details the primary elements of the PTC structure.

Fig 1. PTC Overview

ACTIVITY	UNREGULATED PTC
Fiduciary Liability	PTC
Oversight / Compliance	PTC Board and Officers
Investment Decisions	Investment Committee
Distribution Decisions	Distribution Committee
Administration* - Bookkeeping / Billpay	Family Office / WSG
Administration - Cash Flow Management	Family Office / WSG
Administration - Tax Coordination	Family Office / WSG
Administration - Records Management	WSG
Administration - Signature Authority	WSG

KEY TERMS

PTC Entity formed to serve as Trustee for family trusts; WSG may provide a Director and/or Officer to the PTC and serve on various committees

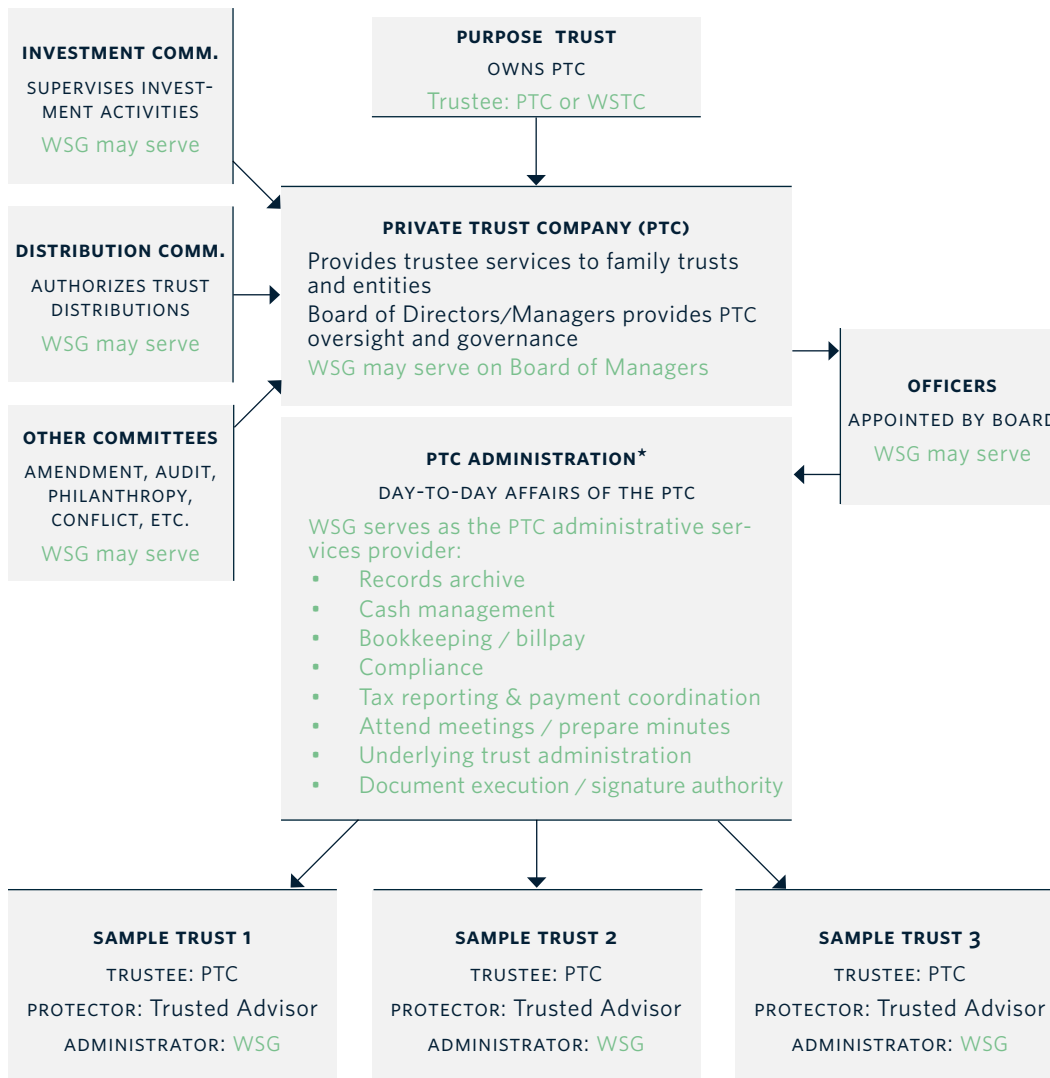
TRUST ADVISOR Individual or corporate entity responsible for directing certain activities of the trust, typically investment decisions, but may also include distribution decisions

WSG Willow Street Group, LLC (PTC administrative services)

WSTC Willow Street Trust Company of Wyoming, LLC (Corporate Trustee)



Common PTC Structure and WSG Roles



*Administration may be provided in conjunction with the client family office or other service provider pursuant to a Service Agreement.



PTC Board Role and Responsibilities

The business and affairs of a PTC are governed by the board of managers, except for certain decisions delegated to committees (e.g., Investment, Discretionary Distribution, Amendment). The core administrative areas that a PTC Board manages include, but are not limited to, the following.

COMMITTEE FORMATION AND OVERSIGHT

- Appointment and removal of persons serving on PTC committees, subject to the limitations set forth in the Operating Agreement.
- Creation of new Committees, defining their powers and responsibilities
- Depending on the PTC structure, the Board might periodically take reports and ratify decisions made by Committees

OFFICER OVERSIGHT

- Appointment and removal of persons serving as Officers of the PTC

FINANCIAL OVERSIGHT

- Decisions relating to the PTC's annual budget
- Determination of the amount of Trustee fees that the PTC will charge underlying trusts
- Tax reporting, in some instances; usually tax matters are handled by an accounting team, officers, and/or a family office, but sometimes the Board may wish to review and approve (or supervise) the preparation and filing of tax returns
- Arrangement for periodic financial audits

TRUSTEE AND SERVICE PROVIDER OVERSIGHT

- Decisions relating to acceptance of or resignation from trusteeships
- Decisions relating to hiring and firing of third-party service providers, such as administrative, legal, or accounting advisors for the PTC and each underlying trust

STRATEGIC FIDUCIARY PLANNING

- Review of advice from legal and tax teams, and making strategic decisions as to wealth transfer structures (e.g., should trusts or other entities be modified, decanted, terminated, etc.)

COMPLIANCE OVERSIGHT

- Compliance monitoring to promulgate, review, and adopt PTC policies and procedures, and reviewing compliance on a periodic basis



PTC Secretary Role and Responsibilities

MAINTAIN

Maintain the PTCs policies and procedures, books, and records:

- Make recommendations on PTC policies and procedures; maintain and update PPM
- Document financial controls and risk management protocols with Board approval
- Archive financial reporting for PTC and underlying trusts
- Attend Board meetings, draft minutes and maintain minute book
- Serve as authorized signatory
- Execute legal and tax related documents

SUPPORT

Support Board of Managers on all PTC fiduciary matters:

- Oversee trust onboarding and administration
- Engage in regular administrative reviews of trust accounts
- Report to Board regarding trust business

COLLABORATE

Collaborate with the firm's attorneys, accountants, and other key service providers to reasonably ensure a compliant, efficient, and well-organized complement of professional services are provided to the PTC:

- Coordinate advisor activities to ensure that legal, accountancy, and investment professionals operate with complete information
- Coordinate tax reporting and compliance
- Coordinate and participate in audits and examinations, as appropriate



Elements of Wyoming Situs

Fig 2. Wyoming Situs Details

ELEMENT	DESCRIPTION
Wyoming person serves as Officer or Director of PTC	<ul style="list-style-type: none"> Authorized signatory Resolutions and minutes executed in Wyoming Review of documents, tax returns
Service Level Agreement with Wyoming trust administration firm	<ul style="list-style-type: none"> Perform day-to-day duties for the PTC Ongoing administration of underlying trusts
Retain Wyoming attorney	<ul style="list-style-type: none"> Establish PTC Draft Operating Agreement File Articles of Incorporation or Organization Draft or review underlying trust agreements for accuracy with respect to Wyoming law
Retain Wyoming CPA	<ul style="list-style-type: none"> PTC tax return 1041 returns for underlying trusts
Physical presence	<ul style="list-style-type: none"> Registered Agent Lease office space Purchase office equipment as personal property Register personal property with Teton County Treasurer Wyoming PO Box Dedicated phone line, server, email addresses
Wyoming bank accounts	<ul style="list-style-type: none"> PTC Underlying trusts





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