

# NORTHWEST TRUSTEE & MANAGEMENT *Services*

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## A WORD ABOUT TRUSTEE FEES— HOW THEY ARE ASSESSED PART I

*Whenever a trust is established, one of the first questions asked during the initial interview is “How much is this going to cost?” Part One of this two-part article will address how fees are assessed. Part Two will address how they can be reduced.*

Northwest Trustee & Management Services’ fee structure is based on the philosophy that each trust should pay its own expenses rather than a flat percentage based on the “average” cost of administering a trust. Our three-pronged fee structure allows a wide choice of services for our clients and provides significant savings for trusts that require less administration.

The three elements of our fee structure are as follows:

**ANNUAL FEE** – This *flat fee* covers the basic costs of administration for every trust, regardless of size or complexity. This includes mail processing, filing, facilities, equipment, and office supplies. The \$700 fee is reduced to \$600 for trusts valued at under \$100,000. Additionally, tax preparation costs approximate \$200 per year.

**MAINTENANCE FEE** – This annual fee is a *percentage of the fair market value of the assets* of the trust on the anniversary date of the trust and helps defray the cost of items such as specialized software and insurance. The fee rises and falls depending upon the success of the trustee in managing and investing the assets of the trust. The .55% rate is reduced to .45% for trusts valued at under \$100,000.

**FEE FOR SERVICES** – This *hourly fee* is based on actual services performed by the trustee or staff members. Generally assessed monthly, the rate varies depending on the level of services provided, i.e., clerical, administrative, officer or attorney.

The greatest variation in fees occurs in the fee for services. Some trusts require only the most basic services; hence their fees are relatively low. For others, the trustee provides a myriad of financial and personal services, which increases fees.

An example of the more common services provided include tracking and collecting personal income, paying personal bills, monitoring and collecting medical insurance and Medicare reimbursements, and coordinating personal care with guardians and caregivers.

Other major services that could impact fees are managing real estate

(both personal residences and investment property), initiating and supervising litigation on behalf of beneficiaries, recovering misappropriated assets and working with individuals involved in highly dysfunctional relationships.

Fees should always be compared to the level of service provided and the performance of investments.

Our experience is that our clients usually feel that the higher level of service and better investment performance far offset their fees. As the old saying goes, “you get what you pay for.” In this case, the converse is also true: “you pay for what you get” in trustee services.

Our goal is to help trustors and beneficiaries receive the services they need in the most cost efficient manner possible. In the next newsletter, I will explore practical ways trustors and beneficiaries can help us reduce their fees for service.



Stephen W. Trefts  
President





Maurice Berg

## CHARITY BEGINS AT HOME— USING A CHARITABLE TRUST TO MEET YOUR FAMILY NEEDS PART II

*In our last newsletter, we discussed how an eastern Washington farmer used a charitable trust to a) maximize the return on the sale of his farm, b) divest himself of the burden of managing his farm, c) provide income to himself and his wife, d) provide an inheritance to his children and e) leave a legacy to his community after his family goals were met.*

Maurice Berg’s situation was unlike that of the farmer discussed in our last issue. An astute businessman, Maurice enjoyed actively managing his investment portfolio and was not interested in relinquishing management of his assets during his lifetime. His primary concerns were:

- ♦ management of his assets *after* his lifetime,
- ♦ providing the maximum benefit from his estate to his disabled daughter and
- ♦ leaving a legacy to the community *after his daughter’s needs had been met.*

As part of a carefully crafted estate plan, Maurice established a charitable trust *through his will* with a portion of his assets, naming his daughter Catherine as the income beneficiary for her lifetime. The trust helped maximize her inheritance by:

- ♦ removing assets from Maurice’s estate, thus *reducing his federal estate tax liability*
- ♦ using the trust to *coordinate estate planning* with other trusts in his estate

- ♦ protecting the assets by providing for *professional management*

After his daughter’s lifetime, the remainder of the trust will be distributed to several local and national charities. Citing the way Maurice faithfully cared for his ailing wife and daughter and looked out for the widows in the neighborhood, Catherine noted “it was so like Dad to find a way to leave something to the community he loved.”

Describing herself as a novice at financial affairs, Catherine says she feels “very secure” with the arrangements made by her father and is “grateful to have the load off her mind” in respect to managing her assets.

Maurice’s story demonstrates how a charitable trust established through a will can be used effectively to meet *individual needs first and charitable goals later*, after individual and family obligations have been satisfied. As in the case of the eastern Washington farmer, with a charitable remainder trust, charity *begins* at home.

Sandy Calbreath  
Trust Officer

## MEET TAMI DAVIS—

After completing her first year at Northwest Trustee & Management Services, Administrative Assistant Tami Davis is still struck by the busy pace of our office. A self-described “behind the scenes” person, Tami most enjoys maintaining order and solving problems. Her efficiency and penchant for procedure make her exceptionally well suited for her primary role of disbursing payments, receiving income and maintaining checking accounts for the trusts.

Deceptively quiet in demeanor, Tami often disarms her colleagues



with her quick wit and deadpan delivery. When not busy with plans

for her upcoming wedding, she enjoys reading, watching movies and spoiling her miniature dachshund, Sami. The life-long Spokane resident worked as an office manager prior to joining our staff.



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