

# *Overview*



## **THE ALASKA ADVANTAGE<sup>sm</sup>**

Over the last few years, Alaska passed six unique pieces of trust and financial management legislation. This makes Alaska the leading jurisdiction to set-up and administer trusts and other wealth management techniques.

The purpose of this User's Guide is to provide an understanding of each piece of legislation and explain how to use the broad range of services of Alaska Trust Company in the most effective manner without any unnecessary burden to the client and their advisor. In addition, there are eleven sample trust agreements.

Alaska Trust Company provides a full range of fiduciary services that include proper distribution of assets at death but concentrates on investment management, trustee, and custodial services.

Even though Alaska Trust Company provides a complete range of customized wealth management services, we understand that not every client is going to utilize each service that we provide. We have conscientiously structured ourselves so that we are able to provide a range of services or a specific service that may be desired. We also recognize that clients have trusted financial advisors, legal advisors, and tax advisors that they have built relationships with and want to continue those relationships. We understand the importance of maintaining these relationships and want to be able to add value to these relationships. Therefore, we are able to work with a broad range of advisors.

This Guide will provide all the information necessary to establish a relationship with Alaska Trust Company in an effective and efficient manner. Some of the services that Alaska Trust Company provides, particularly when they pertain to Alaska Trust Act provisions, can be sophisticated and complicated. The information requested in our New Account Form is necessary to ensure that we are able to carry out our duties at the highest standards of fiduciary conduct. We require that this form be submitted with the initial trust document.

Our goal is to be as flexible as possible in working with our clients and their advisors but as previously indicated, certain information and trust provisions are necessary. For example, if Alaska Trust Company serves as Administrative Trustee without investment management responsibility, the document must contain specific language stating that we do not have investment responsibilities and therefore are not responsible or liable for the review or results of investments made. (see Recommended / Required Provisions)

In order to assure Alaska Trust Company that the Trust is not a fraudulent conveyance, we have included a sample Affidavit of Solvency for the Grantor's review and signature. This Affidavit is required upon submitting the trust documents. (see Affidavit of Solvency)

Due to the sophistication and complexity of many of the relationships that are developed with Alaska Trust Company, it is important that we are given reasonable time to review trust documents and suggest any modifications.

Alaska Trust Company requires that a new trust document be reviewed by an Alaska Bar certified attorney, prior to final approval. This review ensures that the document adheres to Alaska Trust statute requirements. Review fees are approximately \$500 to \$1,000. Once the document is approved as to form and content, no further review fees will be charged for additional agreements submitted in similar format.

Alaska Trust Company will omit this review process when supplied sample trust agreements are utilized for drafting documents. In addition to meeting Alaska Trust Company's approval, these drafts meet the statute requirements of the Alaska Trust Act.

The Alaska Trust Act requires that the Alaska Trustee prepare or arrange for the preparation of the trust income taxes. Most often, it is more economical and efficient to have the client's tax advisor prepare any trust tax returns. Therefore, unless the client prefers otherwise, we will use the client's tax advisor. However, we require that the tax return be submitted to Alaska Trust Company for review and signature.

The Alaska Trust Act requires that some, or all, of the assets be deposited in the State of Alaska. If the primary assets of the trust are custodied at a brokerage firm outside of the State of Alaska, or consist of shares in a non-Alaskan Limited Partnership, we require that the trust be funded with a minimum of \$10,000, however recommend a deposit of \$25,000 or more, which we use to purchase a Certificate of Deposit account at a local banking institution. Normally, we purchase a one-year Certificate and continue to roll that deposit over.

Under the Alaska Trust Act, the transfer to the trust can not render the Grantor insolvent. Although we recommend that not more than 1/3 of a client's net worth be transferred to the trust, Alaska Trust Company will not act as trustee under an agreement in which over 1/2 of a client's net worth in assets are transferred to the trust. (see Affidavit of Solvency)

Upon request, Alaska Trust Company can assist you in contacting an Alaska attorney whom is both knowledgeable in trust and estate planning and familiar with the Alaska Trust Act.

**Alaska Trust Company – Simply the best, better than the rest!**

**The information in the user guide is not legal advice. You should contact an attorney for specific legal advice concerning Alaska's legislation.**