



Directed Trusts

New Hampshire's trust laws are among the most favorable in the nation. Not only does New Hampshire offer a low-tax environment, it also provides modern trust features not found in many other states. One of these features is the Directed Trust. As a private trust company chartered in New Hampshire, Hemenway Trust Company can offer Directed Trust services.

What is a Directed Trust?

The trustee of a traditional trust is responsible for everything having to do with the trust: distribution decisions, investments, safeguarding trust assets, and other administrative matters, such as filing tax returns, bookkeeping and the like. With a Directed Trust, a Trust Protector (or a team of them) is responsible for a defined task (or tasks) and, as a result, the trustee has a reduced role.

What is a Trust Protector?

A Trust Protector is a fiduciary officer who is in charge of one or more areas of trust management and can tell a trustee what to do within that area. For example, a Trust Protector in charge of distributions can direct the trustee when to distribute assets to a beneficiary, and the trustee cannot refuse that directive. Similarly, a Trust Protector in charge of investments will make investment decisions without consulting the trustee and without being subject to oversight by the trustee. Outside of their defined area, however, a Trust Protector has no authority or involvement.

People often choose their attorney, investment advisor or other trusted professionals to be a Trust Protector. Family members and friends also can be Trust Protectors.

When to Use a Directed Trust

Trusts have long been used to help meet family needs, such as providing for care of an aging parent or a child with special needs, minimizing taxes, and ensuring transfer of wealth in a responsible way. The traditional trust is as effective today in addressing those issues as it has been in the past. Still, some families already may have a successful team of advisors in place and may not want to transfer all responsibility to a trustee. Other families may wish to ensure that roles and authority are shared among advisors and family members throughout the generations. Under such circumstances, a New Hampshire Directed Trust may make sense. In addition, a New Hampshire Directed Trust may result, in some cases, in significant income tax savings for a trust currently paying income tax to a state.





Contact Us

Established by Hemenway & Barnes, an independent Boston firm with a 150-year history, Hemenway Trust Company understands trusts intimately and brings an experienced perspective and proven performance to the role of Directed Trustee.

Please contact us to learn how we may be helpful to you.



Hemenway
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