



Directed Trusts

New Hampshire's trust laws are among the most favorable in the nation. It provides both modern trust features not found in most states and it also imposes no tax on trusts. One of its modern trust features is the Directed Trust. As a private trust company chartered in New Hampshire, Hemenway Trust Company can offer Directed Trust services to its clients.

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. A Directed Trust assigns responsibility for one or more of these tasks to a Trust Protector, 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 direct the trustee to take action within that area. For example, a Trust Protector in charge of distributions can direct the trustee 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 and the trustee may not override those decisions. 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 be ready 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 at (603) 913-8022 to learn how we may be helpful to you.

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