

Trust Investment Authority: Directed vs. Delegated Trusts

Directed Trusts

Specific language within the governing trust document that names the corporate trustee and directs all investment authority to an outside investment advisor (separate from trustee). This type of directed investment authority only occurs in states that supports directed trusts through their state trust statutes (currently not available in New York and Rhode Island). The directed trust document includes indemnification language that relieves the corporate trustee of any investment authority or oversight. This type of trust requires the ability of the advisor to take on all investment activities and authority without any oversight by the corporate trustee.

- Due Diligence and approval of Firm, Advisor, and Custodian by Trustee.
- Advisor adheres to BOK Financial (BOKF) account restrictions.
- Firm, Advisor and Account reviewed annually by Trustee.
- Fee schedules start at 50bps on first \$1m of assets under administration, minimum fee is \$4,000.
- Custodian of advisor firms' choice, subject to due diligence and approval by Trustee.

Delegated Trusts

Corporate trustee retains the investment authority, as defined within the governing trust document; however, can delegate the investment activities to an outside investment advisor subject to oversight by the corporate trustee. This is often the case in existing trust documents that does not contain the indemnification and bifurcation language or in the case where the advisor is required by their broker dealer to have investment oversight by trustee.

- Due Diligence and approval of Firm, Advisor, and Custodian by Trustee.
- Trustee creates and advisor adheres to IPS with inclusion of BOKF investment restrictions.
- Account reviewed quarterly by Trustee. Firm and Advisor reviewed annually by Trustee.
- Fee schedules start at 65bps on first \$1m of assets under administration, minimum fee is \$5,000.
- Custodian of advisor firms' choice, subject to due diligence and approval by Trustee.



QUESTIONS?

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