



## CHIP MARTIN

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### Open Architecture Trust Design—The Emergence of “Multi-Participant” Trusts Administered in South Dakota

Wealthy families face an ever-increasing set of challenges managing their assets across generations. Major changes in trust law, combined with modern investment strategies, new tax factors and complex family dynamics, have created demands that traditional trusts and institutional fiduciaries are not well equipped to handle. In the face of these demands, many families, based on guidance from their expert advisors, are moving away from conventional bundled trust service models to new “multiparticipant” trust structures.

As families move to gain more control over certain trust functions, multiparticipant trusts, and the “pure-play” directed trust companies that administer them, have emerged as powerful tools for achieving families’ estate planning objectives. This form of trust designates and coordinates various fiduciaries to manage the many facets of sophisticated estate planning.

Examples of roles within a multiparticipant trust include investment advisors, distribution committees and trust protectors who direct the qualified South Dakota administrative trustee to implement their decisions. These participants are

granted specific powers by the trust based on their skill, location or relationships. They are responsible only for the duties that they are best equipped to assume. This approach is a great advance for many families over the traditional unitary trustee model, where single or co-trustees lack either the in-depth expertise or the appetite for risk needed to effectively navigate complicated investment and legal terrain.

Furthermore, since most directed trust companies do not offer integrated wealth management services, families can rest assured that a directed trust company will complement, not compete with, their existing team of financial advisors. The model allows families to retain more control over asset disposition without the overhead and regulation associated with establishing a separate, private family trust company.

With the passage of a series of modern trust laws over the past two decades, the South Dakota legislature has answered the demand for statutes that support advanced estate planning and multiparticipant trusts. These multiparticipant trusts, administered by a qualified South Dakota based administrative trustee, offer perhaps the most efficient and cost-effective method for accessing the unique asset protection, tax and many other benefits of South Dakota trust law.

**For more information, please visit [www.concordtrustcompany.com](http://www.concordtrustcompany.com)**



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C O M P A N Y

**CONCORD TRUST COMPANY** is a state-chartered trust company focused on directed trustee services. We serve high-net worth families, from both the US and overseas, with knowledgeable and discrete administrative trustee services that provide access to South Dakota and New Hampshire’s asset protection, tax and many other trust advantages. Unlike traditional trust companies with integrated wealth management, CTC does not control investment decisions or compete with families’ existing investment managers. Instead, we are directed by families or their advisors on asset disposition. This model permits families to concentrate on strategic decisions, while we focus on administrative tasks.