



OLD NORTH STATE TRUST, LLC

Managing Your Assets like You Would Manage Them Yourself

Being in the trust business, we often find having to explain just what, exactly, it is that we do for a living. Most people have some idea of what a trust is, but they may not know much about the difference between a large bank's trust department and an independent trust company like Old North State Trust.

Our company is chartered, just like a bank, and regulated, but it does not provide any banking functions. We like to say that Old North State Trust is "old school." That means we are not as focused as a bank would be on just its very biggest clients. We work with many people who have relatively modest assets, but understand the importance of protecting them, and protecting their family members.

Also, we are not as narrowly focused on creating a tidy, uniform financial package for each client. Every situation is unique, and being family owned we put a priority on personal service.

Unfortunately, large banks don't like having to oversee trusts they consider "dirty." An easy-to-manage "clean" trust is based on liquid assets like stocks, bonds and mutual funds, which can be traded quickly and with little effort. But we recognize that most families' wealth also includes more complicated assets such as life insurance policies, real estate and small businesses, which often are organized as partnerships or LLCs.

Most important, we have several offices in North Carolina. Our clients can reach us by phone and meet us face to face. By contrast, many large banks are consolidating their trust departments in big, centralized offices. These offices may be thousands of miles away, and a trust's manager is essentially a stranger.

Our company's byword is flexibility. We aim to manage clients' assets like they would manage those assets themselves. One important way we do this is to collaborate with our clients' other professional advisors so everybody's expertise is put to work for the client's benefit.

We are not brokers and we don't earn commissions for selling financial products. Our revenue comes entirely from fees, which ensures that we are always working for the client's benefit, not some third party.

A useful way to think about this is to say we are driven by relationships, not by transactions. Because our founders learned this business through the process of converting their family's business assets into personal trusts, they understand how vital our services are to real people, real families. For that reason, we continue to place a premium on personal attention to each client. And our clients want to have an expert adviser they can trust, especially when making plans far into the future.

For our asset management clients, establishing and developing that relationship follows a four-step process.

- First, we determine what the client wants and needs. This can include providing for relatives, preparing for transfer of assets, ensuring a retirement income, and minimizing tax burdens.
- Next, we learn how much risk the client is comfortable with, and his/her time horizon. Investment strategies may be very different between a 30-year retirement scenario and a plan to finance a child's college education in less than 10 years.
- Third, we select no-load mutual funds and other securities, using a rigorous screening process to ensure they are appropriate for each client's situation.
- Finally, we perform regular progress reviews to ensure we are on track with the client's needs, learn about any changes to the client's objectives, and make any changes needed.

When we are creating and managing a trust, or managing an estate, we provide additional services, as required by the client's unique circumstances.

These can include tax planning and preparation, valuing an estate's assets, completing all necessary tax returns and other official filings, and distributing assets.

Some examples of the sorts of situations we help clients with, which I will address in detail in future articles, include:

- Providing for the support and care of an elderly family member.
- Ensuring that a person with a disability is properly cared for after parents no longer can supervise that care.
- Passing a family's wealth on to the next generation, with safeguards to ensure it is used responsibly. Special arrangements are sometimes needed in cases where a family member has challenges with substance abuse or gambling.
- Distributing a family business' assets among the owners after a sale, while minimizing tax consequences.

Old North State Trust, LLC (ONST) periodically produces publications as a service to clients and friends. The information contained in these publications is intended to provide general information about issues related to trust, investment and estate related topics. Readers should be aware that the facts may vary depending upon individual circumstances. The information contained in these publications is intended solely for informational purposes, is proprietary to ONST and is not guaranteed to be accurate, complete or timely.