



ATG TRUST C O M P A N Y

Introduction to Directed Trusts

A directed trust gives one or more responsibilities traditionally held by the trustee to another fiduciary. Some of the duties that may be transferred away from the trustee include investment management oversight and discretionary distribution decision making.

Illinois specifically allows the use of directed trusts. The Illinois directed trust statute was signed into law on August 10, 2012, and became effective on January 1, 2013. While Illinois' directed trust statute became effective in the beginning of 2013, there have been directed trust statutes in other states since 1986. And even before legislatures officially codified the use of directed trusts, some states regularly allowed their use.

There are three types of fiduciaries that may be named in a directed trust:

◆ **Investment Trust Advisor**

The Investment Trust Advisor has the power to direct the trustee with respect to the retention, purchase, transfer, assignment, sale, or encumbrance of trust property and the investment and reinvestment of principal and income of the trust. The Investment Trust Advisor may also select and determine reasonable compensation of one or more advisors, managers, consultants, or counselors.

◆ **Distribution Trust Advisor**

The Distribution Trust Advisor has authority to direct the trustee with regard to all decisions relating directly or indirectly to discretionary distributions to or for one or more of the beneficiaries.

◆ **Trust Protector**

The Trust Protector may modify or amend the trust document to achieve favorable tax status; increase, decrease, or modify the interests of a beneficiary; modify the terms of a power of appointment; remove and appoint other directing parties; terminate the trust; and interpret terms of the trust instrument at the request of the trustee.

ATG Trust Company as Directed Trustee

ATG Trust will serve as directed trustee as long as the trust incorporates the language of the Illinois directed trust statute. As trustee, we will take direction on investment management and/or discretionary distributions from an Investment Trust Advisor or Distribution Trust Advisor. This allows the grantor to name an individual to control all investment decisions without oversight by ATG Trust Company as the trustee. Therefore, if a grantor wants to maintain a relationship with Financial Advisor, the Grantor may designate that advisor as the Investment Trust Advisor directly or may name another individual as the Investment Trust Advisor who could then in turn hire the Financial Advisor to manage the trust assets.

Need additional information? Contact a member of our trust team at 312.338.7878 or info@atgtrust.com .