



Pioneer Bank & Trust

Trust & Investments

The Best For The West!

704 7th Ave, PO Box 729
Belle Fourche, SD 57717-0729
Phone (605) 892-3494
Fax (605) 892-2115

2001 W Omaha St, PO Box 9189
Rapid City, SD 57709-9189
Phone (605) 341-2265
Fax (605) 341-7425

140 E Jackson Blvd, PO Box 10
Spearfish, SD 57783-0010
Phone (605) 642-2725
Fax (605) 642-1736

Why is My Choice of Trustee Important?

Our trust department staff is frequently asked the question “why should I choose the bank to serve as trustee or successor-trustee of my trust or as personal representative of my estate?” Having a well-drafted will, trust and power of attorney is a good example of the best way to achieve security, accountability and preserve family relationships. Often our customers’ children are given the authority to assist them in making decisions regarding their personal care, living arrangements, health care and overall well-being. Typically, the customer, initially and then our Trust Department, either as co-trustee or as successor trustee, are solely authorized to make financial decisions. In the opinion of most experienced estate planning attorneys, this is an excellent arrangement.

Management of trusts and estates is far more complicated today than it ever has been. We have an entire title in the South Dakota Codified Laws that deals specifically with fiduciaries (successor-trustees, etc.) and trusts, outlining their duties and liabilities, management, and standards and we have seen an unfortunate rise in litigation among family members whenever differences of opinion arise.

South Dakota has adopted versions of the Trustees’ Powers Act, the Uniform Trusts Act, the Uniform Common Trust Fund Act, the Uniform Fiduciaries Act, the Uniform Act for the Simplification of Fiduciary Security Transfers, the South Dakota Uniform Transfers to Minors Act, the Revised Uniform Principal and Income Act as well as two entire chapters that deal with investment and return on investment obligations, for “total return uni-trusts,” and regulations dealing with qualified dispositions and trusts.

As an additional example, there are also totally separate and distinct tax laws that apply to fiduciaries regulating taxation of income and expenses for third party beneficiaries.

Very few of the laws mentioned above may apply to you as the original creator of your trust because you are the sole beneficiary of the trust and also the sole trustee. Any time, however, another party steps in, (whether it be your children, a bank or anyone else) to undertake responsibility for your benefit, then the whole scope of the trustee’s duty changes.

While family members can often fulfill these duties with the assistance of qualified accountants, tax preparers, investment advisors, bankers and attorneys, often those expenses will exceed the fees routinely charged by bank trust departments. We have found, in many cases, that the ability of the bank trustees to obtain greater return on investments, through more effective money management, offsets many of the costs normally incurred in their administration of the trust.

There is also a significant non-financial reason why more estate planning attorneys are recommending the use of bank trust departments in both trusts and wills, and that is the issue of family harmony. As much as we all like to believe that our own families are immune from conflicts about money, authority, priorities, preferences and similar disagreements, it is extremely difficult to avoid. Even under the best of circumstances, with the best of intentions, we can still have family disagreements and differences, which are not at all unusual. Where decisions of money and care of parents are concerned, however, those disagreements can escalate into conflicts that can be easily avoided through the use of a bank trust department.

In a simpler time it would be much more appropriate to have your family members involved in financial decision making. However, given the current complexities of the tax, financial and investment world, it has become apparent to estate planning professionals that, given the quality of services they provide, using highly-trained, professional trust officers is well worth the expense.

The staff of the Trust Department at Pioneer Bank & Trust are highly trained, well-experienced professionals and will gladly visit with you to answer your questions and provide assistance and direction for you as you plan your financial future.