



THE GOOD BENEFICIARY

Objective: to ensure that the relationship between the beneficiary and the trustee is so smooth that each sees himself or herself as an equal member of a team working for a common goal of long-term family wealth preservation.

The good beneficiary:

- gains a clear comprehension of each trust of which he/ she is a beneficiary and a specific understanding of the mission statement for each trust as prepared by the trustees
- educates himself/ herself about all trustee responsibilities
- fully appreciates the legal realities under which the trustee operates, especially the general constraints imposed by the law governing the trust and the specific constraints imposed by the trust agreement which establishes their relationship
- understands the trustee's responsibility to maintain the purchasing power of the trust's capital while maintaining a reasonable distribution rate for the income beneficiaries
- has a general understanding of "modern portfolio theory" and the formulation and process of asset allocation
- recognizes and looks for proof that each trustee represents all beneficiaries
- meets with each trustee once each year to discuss the personal financial circumstances of the beneficiary and personal goals and to advise the trustee on his or her assessment of the trustee's performance of the trustee roles and responsibilities to the trust, to the beneficiary and to family governance
- becomes knowledgeable about the functions and importance of each element of the family's trust governance structure
- attends the annual business meeting of the family and accepts responsible roles within the family governance structure, based on his or her possession of suitable qualifications for such roles
- develops a general capacity to understand fiduciary accounting
- demonstrates a willingness to participate in educational sessions to become financially literate (through family seminars and family-funded educational programs)
- knows how and in what amount trustees and other professionals are compensated, and obtains a general understanding of the budgets for the trust and investment entities in which the trust will be invested.

This set of Beneficiary Roles and Responsibilities (when combined with the reciprocal list "Trustee Roles and Responsibilities") gives both parties a way to measure each other's commitment and willingness to participate in a successful relationship. Specifically, here the beneficiary understands his/ her role in relation to the trustee.