

LNW clients have access to two trust companies:

1. The Laird Norton Wetherby Trust Company, founded in Washington State in 1967; and
2. The Laird Norton Wetherby Trust Company of South Dakota, based in Sioux Falls and serviced from our Seattle office.



The benefits of a South Dakota trust

Below are five key reasons families with multigenerational wealth would want to consider a trust based in South Dakota, with the LNW Trust Company of South Dakota serving as trustee or co-trustee:

#1. Perpetuity: A South Dakota trust can operate forever, while trusts in most states expire after a certain period. Perpetuity is especially beneficial for families able and willing to create multigenerational trusts. Also useful is that South Dakota is one of the few states that allows perpetual trusts with no beneficiaries, created for the specific purpose of taking care of an asset (a family vacation property, for example).

#2. Increased Privacy: A trust based in South Dakota can be kept private from the beneficiaries (“go quiet”), meaning it can be created and operate unbeknownst to the beneficiaries or anyone other than the trustee. Most other states require that trusts notify beneficiaries when they reach the age of majority (age 18 or 21). With a South Dakota trust, you can specify which of the beneficiaries gets notified and when. In case of death or incapacity, the trustee or a designated trust protector would follow your instructions about when to inform the beneficiaries.

#3. No personal income or estate taxes at the state level: The income and capital gains generated by assets within a South Dakota trust are not taxed at the state level, although federal taxes still apply. When a South Dakota trust makes a distribution, the beneficiaries are taxed based on the state in which they live and their tax bracket. Some states can tax a trust based in South Dakota if a co-trustee or beneficiary resides in the state in question.

#4. Stronger asset protection: A South Dakota trust may be able to provide additional layers of protection from creditors. Unlike in most other states, people can set up an irrevocable South Dakota trust with themselves as the beneficiary and still shield the assets in the trust from some creditors. Additionally, lawsuits filed against South Dakota trusts remain private. (Asset protection strategies should not be undertaken without advice from counsel.)

#5. Portability. Trusts domiciled in other states can be moved to South Dakota in a variety of ways depending on the terms of the trust. South Dakota law also has robust decanting provisions, which allow a trustee in certain circumstances to change some of the terms of an existing trust by transferring the assets to a new trust with modified terms.

Bottom line: With trust operations in both Washington and South Dakota, LNW is able to offer you more options as to how your trusts operate and function. Our aim, as always, is to you align your assets with your aspirations now and over many generations.