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## *Integration of Your PRT Professionals*

The Private Retirement Trust ("PRT") is a sophisticated exemption protection vehicle that requires a skillful and proficient PRT integrated team to realize its purpose. The PRT can be a flexible and powerful exemption protection strategy, but as with all trust and entity planning, it is only as good as the individuals appointed within the PRT instrument, the retirement appraisal/analytics supporting the legitimacy of the "plan" and the integrity of the "trust", as well as the administrative support. Thus, it is important to understand that the assets in a PRT only benefit from the exemption protection provided by CCP § 704.115(b) ("California statute") if the PRT is properly structured, funded, and annually administered to maintain compliance with applicable laws.



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Proper structure, funding and administration of the PRT requires extensive coordination by the PRT integrated team towards your ultimate retirement goal. The PRT integrated team must constantly collaborate on year-to-year exemption analysis to ensure a client's PRT is annually funded to make certain their retirement goals are realized. This requires effectuating a robust and sufficiently documented fact-driven analysis, which will frequently change as the client's age, income, asset exemptions amounts, etc., changes during the lifetime of the PRT.

The PRT integrated team includes the PRT Retirement Planner, the PRT Nestor, the PRT Trustee, the PRT Pylortes, and the PRT Administrator, with each team member responsible for different aspects of the PRT which are summarized as follows:

### PRT Retirement Planner

The role of the PRT Retirement Planner is to design a PRT Retirement Plan that combines the PRT Client's retirement goals and objectives, while maximizing the exemption protection provided by the California statute. The PRT Retirement Plan and corresponding retirement appraisal constitute the essential foundation of the PRT and set the stage for the PRT Beneficiary's retirement story, because it is this analysis that justifies what retirement lifestyle assets are needed throughout the client's lifetime. These documents take into consideration, but are not limited to, the following factors: the client's net worth and projected lifetime net worth; the projected retirement age; what assets will be included in the PRT investment account; projected retirement assets throughout the client's lifetime; what assets are needed to produce the lifetime cash flow during the client's retirement years (typically to age 95); itemized lifestyle expenses per year throughout the client's lifetime. With this information and more, the PRT Retirement Planner is able to generate a retirement planning model integrating exemption diagnostics as well as provide Monte Carlo projections, which is a mathematical technique that generates random variables for modeling the projected variability of the retirement assets values throughout the lifetime of the PRT Client.

### PRT Trustee

The PRT Trustee is the legal title holder of all assets held by the PRT and is bound by fiduciary duties to manage those assets and carry out the purposes of the trust. The most important duty of the PRT Trustee is to defend the trust, which means the PRT Trustee must take all reasonable action to protect and preserve the rights of trust, enforce claims of the trust and defend against legal actions that could financially harm the trust. The PRT Trustee has broad powers to do any action on behalf of the PRT which maximizes, strengthens, enhances, or increases the protection of the PRT Beneficiary

under the exemptions permitted by the California statute and other laws. In particular, the PRT Trustee has the power to: enforce asset exemption protection under the California statute; ensure proper analysis, cash flow, management, and administrative decisions are made in furtherance of the PRT Retirement Plan objectives to mitigate risk; provide active asset management to the PRT Retirement Plan assets, and act in all matters concerning risk management toward preserving the PRT principal; collaborate with the PRT Nestor so that distributions of the PRT assets are done in the most efficient method while also making certain that such method maximizes the PRT residue and minimizes the associated risk for future retirement distributions; appoint, employ, and remove investment advisors, accountants, auditors, depositories, custodians, brokers, consultants, attorneys, advisors, agents, and employees to advise or assist in the performance of the PRT Trustee's duties; and perform the PRT post-retirement administration including, but not limited to, effectuating the PRT Retirement Plan distributions to the PRT Beneficiary.

#### PRT Nestor

The PRT Nestor is granted authority under the terms of the trust to direct investments as well as exercise its expertise to separate out investment decisions regarding the trust corpus from the other responsibilities of the PRT Trustee. Although the role of the PRT Nestor is optional, opting out of such can be fatal to the validity of the PRT. This is because the PRT Retirement Planner designs a retirement story for the PRT Beneficiary based on the circumstances and goals of that particular PRT Beneficiary, and this retirement story contains certain investment and asset performance benchmarks that have to be achieved in order for the retirement goals to be realized. The PRT Nestor's primary function is to make certain that these investment and asset performance benchmarks are realized in order to effectuate the success of the retirement plan. To this end, the PRT Nestor has the power to direct the PRT Trustee to invest in any type of investments pursuant to the PRT Retirement Plan such as stocks, bonds, mutual funds, Exchange Traded Funds, Life Insurance, Annuities, and real estate for purposes of realizing the goals and objectives of the PRT Retirement Plan; direct the PRT Trustee to rent, lease, refinance, hire or fire certain property managers, or do any other type of action involving real property; and instruct the PRT Trustee to enter into any type of tax free exchange of certain types of investments.

#### PRT Pylortes

The purpose of the PRT Pylortes is to direct the PRT Trustee in certain matters concerning the PRT, and to aid the PRT Trustee in achieving the goals and objectives of the PRT Retirement Plan. The office of the PRT Pylortes is best suited for an attorney so that communications between the PRT Pylortes and PRT Beneficiary remain confidential and protected pursuant to the attorney-client privilege. The PRT Pylortes has the power to: amend, alter or modify the PRT; remove and appoint (as necessary) any current and acting PRT officeholder to make sure someone is acting for the benefit of the PRT Beneficiary to further the goals of the PRT; settle any controversies or disputes concerning or arising out of the interpretation of any language of the PRT; and the PRT Pylortes may override the decisions of the PRT Nestor if any action by the PRT Nestor is, as determined by the PRT Pylortes in the PRT Pylortes' sole discretion, to be done in bad faith, done with gross negligence, or is not in furtherance of the goals of the PRT and the PRT Retirement Plan.

#### The PRT Administrator

The PRT Administrator provides annual support services to the PRT Trustee that are of a non-fiduciary nature, and which generally include: intake and record keeping; tracking assets, contributions, distributions, loans, and promissory note payments; and assisting with matters such as financial statements, beneficiary statements, and tax returns; and reporting and communicating with the client.

Contact an exemption planning attorney today to discover how a PRT and the PRT integrated team can help you realize your retirement goals by taking advantage of the statutory exemption protection of CCP § 704.115(b).