

ROCK SOLID TRUST INDUSTRY IN SD

THE FOUNDATION

What Is a Trust?

A trust is a legal arrangement intended to ensure a person's assets (the grantor) eventually go to specific beneficiaries. The grantor puts assets into the trust and authorizes a third party (the trustee) to administer those assets for the benefit of the beneficiaries.



CARVING OUT SOUTH DAKOTA'S TRUST INDUSTRY



South Dakota has been at the forefront of creating the most forward-thinking, responsible trust industry in the nation for more than 40 years. The trust laws in our state have led to South Dakota ranking among the best trust jurisdictions in the United States, according to industry publications, law review articles, white papers and surveys of leading trust and estate planning professionals.

At a high level, here is why South Dakota stands out:



STATE TAXES: South Dakota is one of nine states that does not have a state income tax and thus provides a financial benefit to trusts located in our state. That said, all trusts must comply with all federal tax requirements including federal income tax.



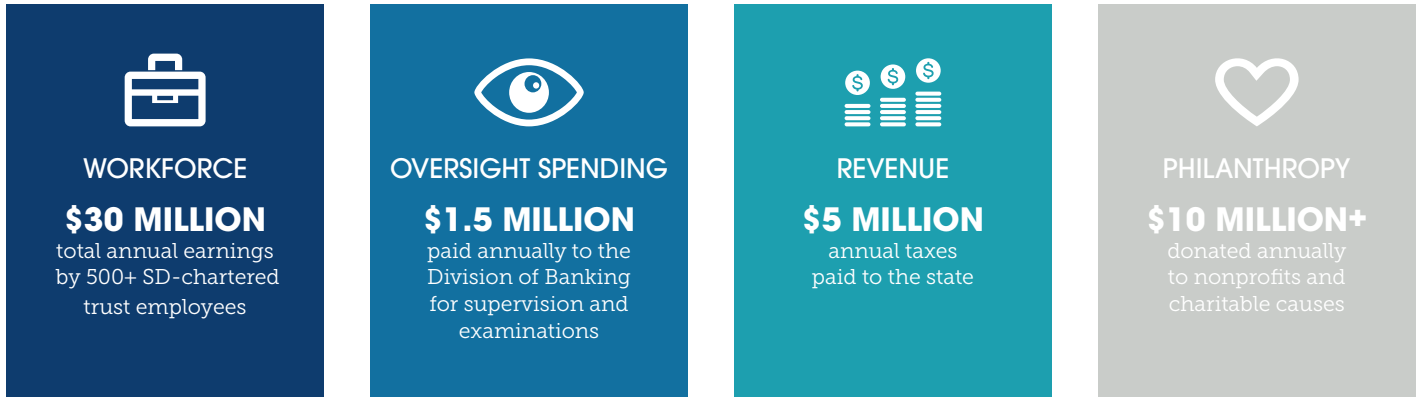
NO RULE AGAINST PERPETUITIES: In the early 1980s the South Dakota Legislature abolished the rule against perpetuities, making South Dakota the third state to allow trusts to continue for an unlimited duration. These trusts are often referred to as Dynasty trusts.



PRIVACY: South Dakota has the most comprehensive privacy statute in the U.S. for trust matters. Notably, despite press reports, privacy doesn't mean secrecy.

MONUMENTAL BENEFITS TO SOUTH DAKOTA

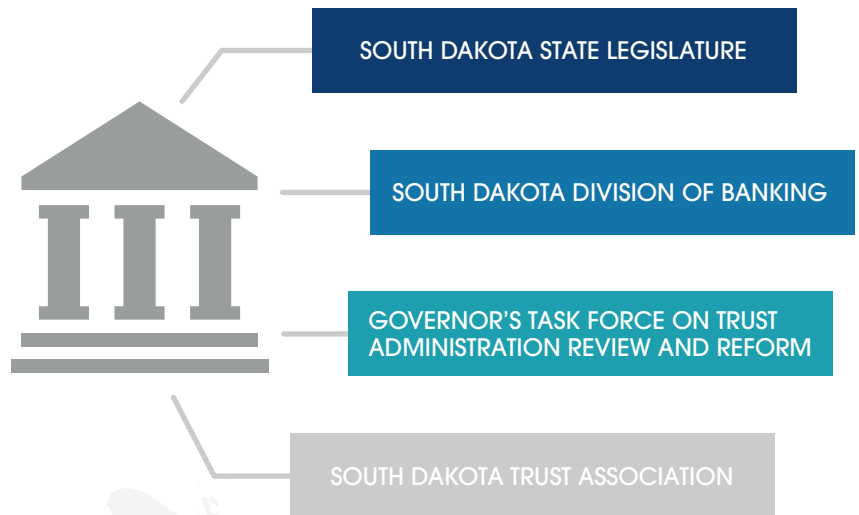
The South Dakota economy benefits greatly from the state trust industry, which includes 108 public and private trust companies plus numerous banks and trust departments.



RESOLUTE COMMITMENT TO REGULATION AND RISK

Just like FDIC-regulated banks, South Dakota state-chartered trust companies use due diligence processes for potential and existing clients that are thorough, comprehensive and continuous and mirror regulations followed by OCC chartered trust companies. This due diligence process includes a Customer Identification Program (CIP) where each prospective client relationship is initially screened by multiple commercial database services to uncover any potential legal or regulatory concerns. In addition, a robust Anti-Money Laundering (AML) program is utilized that screens prospective and current clients for any potential illegal activities and assigns a risk rating based on certain factors. Finally, every client and trust account is continuously monitored on a consistent basis using commercial databases to ensure the absence of illegal activities.

The following groups are responsible for developing, regulating and advocating South Dakota's trust industry:



ABOUT THE SDTA

SDTA's mission is to serve as the professional and trade association for South Dakota's fiduciary services and trust industry by promoting, educating and supporting professionals and organizations involved in the trust industry in South Dakota.

<https://sdtrustassociation.org>

