

# Beneficiary Well-Being Trust: Reflections

## One Year In

As we approach the one-year anniversary of the enactment of the Beneficiary Well-Being Trust statute under Section 3345, Title 12 of the Delaware Trust Act of 2024, it's a fitting moment to reflect on what we've learned. As corporate trustees and key participants in the planning and administration of these trusts, we have begun to see the early impact of this innovative statute on beneficiaries and fiduciaries alike.

### The Purpose and Promise of Beneficiary Well-Being Trusts

At its core, the Beneficiary Well-Being Trust is designed to support not only the financial education of beneficiaries but also their mental and emotional well-being. The trust structure facilitates a broad spectrum of services and programs aimed at preparing beneficiaries for responsible wealth stewardship and fostering a deeper connection to their family's history, values, and legacy.

Under Section 3345, "beneficiary well-being programs" are defined to include a wide range of offerings such as:

- Educational initiatives: seminars, courses, workshops, short-term university programs
- Personal support: counselors, coaches, group or one-on-one meetings
- Family-centered experiences: family retreats, meetings, reunions, and custom programs

These programs may be tailored to:

- Prepare beneficiaries—individually or as a group—for the responsibilities of inherited wealth through training in financial literacy, wealth and estate planning, intergenerational transfers, entrepreneurship, philanthropy, and understanding family business fundamentals.
- Educate beneficiaries on family history, governance, values, and dynamics, while promoting connection and mental well-being across generations.

### Deliberate and Purpose-Driven Distributions

Crucially, trustees are expected to exercise discretion and deliberation when approving distributions for well-being programs. The statute does not authorize blanket coverage of personal or recreational expenses under the guise of "family events." For example, a family vacation in and of itself would not qualify as a reimbursable family reunion. However, if a portion of that gathering is structured to include qualified programming—such as sessions on family governance, legacy education, or next-generation financial training—then that specific segment of the event may be considered an allowable expense under the trust.

This ensures that trust funds are used intentionally, in alignment with the trust's broader objectives of preparing and empowering beneficiaries.

### Flexibility Within Traditional and Directed Trust Structures

One of the most powerful aspects of the Beneficiary Well-Being Trust concept is its flexibility. The statutory framework under Section 3345 can be incorporated into both traditional irrevocable trust structures and directed trusts.

In a traditional irrevocable trust, the trustee can directly oversee and administer well-being programs as part of their fiduciary responsibilities. Alternatively, in a directed trust structure, the trust instrument may assign the responsibility for designing and implementing well-being initiatives to a distribution adviser, family governance adviser, or other designated party, while the trustee administers payments accordingly.

This flexibility allows settlors, trustees, and advisers to tailor the trust structure to meet the specific needs of the family—whether by maintaining centralized control with the trustee or enabling more collaborative governance

among multiple fiduciaries.

#### Expanded Trustee Powers Under the Delaware Trust Act 2024

In addition to Section 3345, the 2024 amendments to the Delaware Trust Act introduced a new paragraph (32) to Section 3325 of Title 12. This provision formally authorizes all Delaware trustees to provide or engage professionals in connection with beneficiary well-being services. When trustees offer these programs directly, they may also receive additional compensation beyond their standard fiduciary fee.

This expansion of powers not only supports the administration of Beneficiary Well-Being Trusts but also strengthens Delaware's reputation as a leading jurisdiction for progressive trust planning.

#### Looking Ahead

This first year has revealed the transformative potential of the Beneficiary Well-Being Trust model. By encouraging structured, purpose-driven education and support, these trusts represent a fundamental shift in how wealth is passed down—not only transferring assets but also preparing the next generation to use them wisely. Trustees, in turn, are called to play a more active and thoughtful role in balancing financial oversight with strategic engagement in beneficiary development.