

# Choosing your trustee

When you create a trust, either now or to take effect under your will, whom do you want to choose as your trustee?

One or two individuals may come to mind. Literally, they are people whom you can trust. And choosing someone whom you trust is essential. These potential candidates, however, must possess other qualities just as important as trustworthiness.

## **The responsibilities of a trustee**

To understand what these qualities are, you need to have an idea of the complex duties that a trustee must shoulder. Here, in order, are the key responsibilities of a trustee:

- *Initial steps.* Study the terms of the trust and review the trust agreement or will. Accept trusteeship and take control of the assets. Meet with the trust's creator or beneficiaries to determine income and principal needs.
- *Begin administrative duties.* Transfer assets to the trust's name and set up records. Inventory assets and record tax basis and acquisition dates of all trust assets. Determine adequacy of property insurance.
- *Undertake recordkeeping responsibilities.* Collect income from investments and reinvest proceeds of matured investments. Record details of all investment income and principal receipts and disbursements.
- *Act as investment manager.* Establish appropriate investment strategy. Monitor investments and make appropriate changes. Review the trust assets regularly for quality and performance. Supervise business and real estate interests.
- *Carry out duties to beneficiaries.* Remit income regularly and send detailed income and principal statements. Exercise discretion in advancing principal amounts to beneficiaries, if needed and permitted by the terms of the trust. Pay for support, education and medical needs of beneficiaries, if required.
- *Attend to tax issues.* Keep records of taxable income and adjusted cost basis of assets. File fiduciary income tax returns and furnish data for the beneficiaries' tax returns.
- *Monitor own performance.* Submit actions to independent audit and examination. Seek legal counsel when necessary. Do not delegate authority. Avoid any conflict of interest.

- *Distribute trust remainder.* Determine proper time for partial and final distributions.
- *Calculate proper share for final distribution to each beneficiary.* Provide accounting and tax data. Arrange for transfer of the trust's assets.

## **What do you want in a trustee?**

As you can see from this list, it's highly unlikely that one or even two individuals could be capable of carrying out all these responsibilities effectively. Any individual whom you have in mind might prove talented in many of these duties but surely will be, at most, a talented amateur.

Several other criteria should guide you in making your choice. You want *longevity* and *availability*. In other words, your trustee should be someone who will last as long as your trust does and won't be distracted by illness, business or vacations.

Have you considered choosing us to serve as the trustee of your trust? Here are some of the important benefits that we offer:

1. *We retain an experienced staff.* A professional trustee should be highly trained and know how to work with people.

2. *We have the specialized knowledge.* A professional trustee must have a depth of knowledge about investments, taxes, accounting and sophisticated recordkeeping.

3. *We offer unbiased investment judgment.* A professional trustee should have no stake in the investment activity of any trust while serving as trustee.

4. *We remain impartial.* A professional trustee should remain uninvolved in family conflicts and not favor one beneficiary over another.

5. *We are financially responsible.* A professional trustee should possess substantial capital and financial resources to stand behind all actions and decisions.

## **Call upon us**

Choosing the right trustee is a critical aspect of your financial and estate planning. When you name us to serve as trustee, you have the security and peace of mind that your instructions will be carried out according to your wishes and that your beneficiaries will receive what you want them to receive, as well as how you want them to receive it.

We would be glad to tell you more about our services. Contact us now for more information.

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Any developments occurring after January 1, 2008, are not reflected in this article.