



FIDUCIARY CONSIDERATIONS

Thinking about whom to name as trustee of your trust?

Four considerations for making the best choice for you and your family

The role of a trustee—holding title to property for the benefit of another—sounds simple enough on its surface, but selecting a trustee is a complex decision with many nuances. Individuals who create trusts often focus on the trust provisions regarding disposition of the trust assets and their intent on timing and amount of assets to go to beneficiaries, but it is also really important to focus on whom you will select as trustee. The following considerations may help you fill this important role.

1) Responsibilities of a trustee

A trustee implements the intentions expressed in the document through the administration of the trust. In doing so, the trustee has many responsibilities:

- Safeguarding, investing and monitoring the assets (either alone or with an investment manager)
- Making distributions while balancing the needs of all beneficiaries
- Maintaining records of trust activities and reporting to beneficiaries
- Filing the trust tax return and any other required filings

2) Skills of a trustee

In addition, as the trustee balances the many responsibilities of being a trustee, the following skills can be helpful:

- Technical knowledge and sound judgment
- Ability to exercise discretion, integrity and objectivity
- Time to commit to the role
- Ability to deal with all beneficiaries—both current and remainder

3) Options for trustee

Naming a trustee is not just a formality and there are many factors that should be considered before selecting a trustee, such as the size of the trust, the purpose of the trust, the duration of the trust, the location of beneficiaries and the tax ramifications.

Options for who may act as trustee include the following:

- Family member
- Friend
- Lawyer or accountant
- Corporate trustee

Each of these options should be considered in light of the many factors noted above as well as the responsibilities and skills of a trustee. For example, while a family member might be familiar with your beneficiaries, an institution with substantial fiduciary experience offers the expertise, objectivity and permanence that individual trustees often cannot provide. You can also name multiple trustees who meet your goals and have the desired skills. For example, a family member and a corporate trustee may serve together.

4) Successor to a trustee

After choosing the initial trustee(s) for the trust, the grantor should consider who will succeed the trustee(s). There are many approaches to providing for successor trustees, including:

- Naming a specific list of successors
- Allowing individuals to name their own successors
- Naming specific individuals—such as the income beneficiaries or a family member—to appoint successors
- Naming a corporate trustee to fill a vacancy when an individual ceases to act

In creating an arrangement that describes how wealth should be managed and used for the benefit of those you love, it is, of course, crucial to state the terms and provisions of the agreement with thoughtful care. However, it is of equal importance to carefully consider the choice of those whom you are entrusting to carry out your wishes. **For more information on choosing a trustee, visit our *Fiduciary Considerations* resource page.**