



The Role of the Trustee

A Trustee's duties encompass a unique combination of duty, care, legal understanding, and management of diverse assets, working with family Dynamics, regulatory compliance and tax compliance. A key element of the role is the significant fiduciary authority, responsibility and, ultimately, legal liability for the financial welfare of the trust and its beneficiaries.

Most trusts will require the trustee to devote significant time and effort in managing the terms of the trust, maintaining the proper administration of the assets and working with the various professionals to ensure the proper care of the assets and beneficiaries.

When determining who is to be named as your trustee one should consider the complexity of the duties being considered and the prospective trustee's qualifications and willingness to serve.

Key Elements of the Trustee Role:

Accounting and Administration

- Maintains Detailed records of all assets and transactions
- Incorporates Principal/Income Accounting
- Maintain Inventory of Assets
- Executes the terms of the Trust
- Performs Bookkeeping Functions
- Manages Family Dynamics

Custodial Care of Assets

- Collects all Asset in the name of the trust
- Collects all related income
- Tracks dividend notices, bond calls and maturities
- Tracks all Capital Changes
- Acts of stock warrants and subscription rights

Investment Management

- Develops investment strategy to meet needs of grantors/beneficiaries
- Implements an Asset Allocation to meet the Investment Strategy
- Performs regular monitoring and review

- Performs adjustments to Portfolio as needed
- Incorporates impacts of Taxation
- Performs regular communication and summaries of account

Legal Obligations

- Assumes legal responsibility for the proper administration of the trust
- Manages claims against the trust
- Engages outside counsel when appropriate
- Complies with all applicable statutes

Tax-Related Responsibilities

- Considers and implements appropriate strategies to minimize taxes
- Responsible for documentation of cost basis and appropriate adjustments
- Maintains record of taxable events
- Filing of appropriate trust tax returns
- Provides beneficiaries with tax reports

Fiduciary Duty to Beneficiaries

- Communicate regularly
- Provide copies of documents
- Provide payments per terms of trust

- Execute Discretionary Authority
- Provide detailed accountings

Real Estate

- Responsible for security, insurance and maintenance of personal residences and other trust real estate
- Review status of taxes, assessments and liabilities against the property
- Obtains appraisals, titles, deeds and abstracts
- When appropriate, facilitates the transfer of property to beneficiaries or new owners
- Secures management and accounting of income producing real estate

Management of Diverse Assets

Unique to trusts is that virtually any asset can possibly be added as an asset; and each may have unique management requirements. The trustee must provide management oversight of these types of trust holdings:

- **Conventional Financial Assets** These would include your common stocks, bonds, notes, commodities, deferred assets and other commonly held assets.
- **Unique Financial Assets:** Copyrights, patents, oil/gas interests, royalties, mineral interests, partnership interests, farms, ranch holdings and other unique assets will require more specialized management by the trustee.
- **Business Interests:** The trustee must provide oversight in the management of these types of interests, obtain valuations and if the interest is to be sold ensure this is carried out with the most favorable terms for the trust.
- **Personal Property:** the trustee must obtain valuation through appraisal and secure these items and ensure their proper care until they can be properly distributed or sold. Most common are family heirlooms, artwork, furnishings, automobiles collectibles and jewelry

Estate Settlement

An estate can also be settling within the trust structure. The trustee will have all the same duties and responsibilities as that of a Personal Representative of a Probate Estate. A key difference is the confidentiality the trust vehicle provides in these situations.

- Trustee ensures that the requirements of all civil authorities are met
- Ensures the final taxes are prepared and filed. This can include gift taxes, estate taxes, personal income taxes and generation skipping tax as appropriate
- Investigates and discharges all final creditor claims against the decedent
- Determine the final distributions required to be executed by the trust terms
- Arranges final distribution of assets