



BY SHIVON PATEL, ESQ.

IMPORTANCE OF CHOOSING THE RIGHT TRUSTEE

Many people often decide to establish a trust to accomplish a myriad of estate planning goals. The success of a trust, however, often depends on the abilities of the person, or institution, named as trustee. If you are creating a trust, you will want to choose your trustee carefully. Almost any adult can qualify to serve as a trustee and therefore, the decision of whether to choose a family member or corporate trustee can be one of the most difficult decisions to make.

Choosing a family member as your trustee is often the preference when establishing a trust. A family member is usually someone with a personal knowledge

of the trust and a strong relationship with you and your beneficiaries. In addition, a family member may not charge trustee fees. However, you need to consider more than a caring personality when naming a trustee.

Trustees have a variety of responsibilities, including investing the assets placed in the trust, interpreting the terms of the trust, making distributions to the beneficiaries, keeping accurate and detailed records, and filing tax returns. Generally, individual trustees are inexperienced in these matters and lack the necessary financial and legal knowledge to effectively manage your trust. They often are in need of hiring professionals, such as lawyers, financial brokers, and CPAs, to help with the administration of your trust, which can eliminate any cost savings and reduce the amount your beneficiaries receive.

Although naming a professional advisor, or bank, or trust company as your trustee may appear to be cost-prohibitive, think about how much your family member trustee will probably need to spend on hiring the right professionals to help with trust administration. The advantage of utilizing corporate trustees is that they have the knowledge and experience to administer trusts. They operate in an unbiased professional manner with the main goal being to carry out the terms that you set forth

while investing the funds to maximize the return based on the beneficiaries' needs.

Since the corporate trustee is a corporation, there is the advantage of longevity; you do not have to worry about naming multiple successor trustees to ensure your beneficiaries do not outlive the trustee. And because the corporate trustee has no immediate ties to your beneficiaries, much of the emotional stress and strain that a family member may be subjected to when serving as your trustee is eliminated. Corporate trustees are required to be licensed, bonded, and insured. That means that they will be held to a very high standard of care, above and beyond what the average individual would be held to, when managing your trust.

Many people now name co-trustees to provide their family the advantages of a personal relationship and professional skills. The corporate trustee can handle the investments, taxes, and reporting duties. The family member can interact with your beneficiaries and respond to their individual needs. If you are planning to create a trust, naming the right trustee is very important. Your estate planning attorney can help you make the right choice for you and your family.

Shivon Patel is an attorney with The Principal Law Firm in Sanford. Her practice areas include business law, real estate, and estate planning. To learn more about The Principal Law Firm, visit www.principallaw.net.

CONFIDENTIAL

DISCREET CASH LOANS

TRUSTWORTHY

MAD MONEY LOANS
 407-677-5626
 BY APPOINTMENT ONLY - WWW.MADMONEYLOANS.COM
 \$ BUY \$ SELL \$ TRADE \$