

What You Should Know: Understanding Trustee Responsibilities

One of the most important decisions you must make when establishing a trust is naming a trustee to manage and preserve the assets you intend to pass on to your beneficiaries. Naming a trustee to be responsible for protecting your legacy demands thoughtful consideration and an open-minded examination of available options. Should you choose an individual trustee or corporate trustee as part of your wealth transfer strategy? What questions should you ask when seeking the ideal candidate? Where do you begin?

Before you start, recognize that your situation is unique. What proved a successful strategy for your neighbor may not be a suitable approach based on your needs. Selecting a trustee is an important decision that could significantly impact your family and estate plan, so do your research to make an informed choice.

The complexity of your plan and assets also factor into what you are

asking your trustee to do. Absolute discretion to make distributions as your trustee sees fit is a lot of responsibility and can create challenges especially when there are multiple beneficiaries. Complex assets, like closely held business interests or real estate, may require a trustee with specialized business and financial skills.

When considering an individual to serve as trustee, such as a family member or trusted advisor, ask yourself essential questions:

- Does he or she have the time, expertise, experience and desire to take on this responsibility?
- Will changes in the trustee's life, such as retirement or a move to another location, affect his or her ability to continue serving in this capacity?
- Will he or she be comfortable putting personal assets at risk for decisions made regarding the trust?

Where to Begin

Generally, a trustee is responsible for managing the trust assets for the sole benefit of the beneficiaries. The trust document and applicable laws guide decision-making, so before the administration work begins a trustee should become well acquainted with the terms of the trust and laws that govern trustee authority, duties, and responsibilities. While holding the position, the trustee must avoid any self-gain in managing the trust and deal impartially with each beneficiary.

In the initial phases, a trustee:

- Assumes control of the trust assets
- Sets up how bookkeeping will be handled
- Assesses income needs and goals through discussions with grantor and beneficiaries
- Examines prior accountings and tax returns
- Takes inventory and values trust assets
- Makes sure trust property is insured
- Takes steps to ensure that expenses and distributions to beneficiaries are covered



Take the time to grasp what you will be asking your trustee to do. The following, while not an exhaustive list, provides an overview of some trustee duties and can help guide you to making the right decision for you.

Keeping Accurate Records

The trustee is responsible for establishing and maintaining timely records of all activities and transactions related to the trust, such as receipts, disbursements, taxable income, adjusted cost basis of assets, and details of discretionary decisions.

Prudent Investing

If assigned investment discretion, a trustee develops and puts into action investment strategies; manages assets and minimizes investment risks; provides ongoing monitoring to match the current needs of the beneficiaries with investment strategies; reinvests proceeds; understands the value and performance of illiquid assets like closely held business interests and real estate; performs periodic investment reviews; and takes measures to minimize taxes to the trust and its beneficiaries.

Consistent Communication

Keeping beneficiaries and all interested parties abreast of disbursements and other trust matters is a critical function of the trustee. Communication responsibilities include sending detailed account statements, reporting changes that impact the trust, and notifying beneficiaries

regarding tax returns. The law of the state where the trust is domiciled may require additional notification requirements of the trustee.

Making Disbursements

A trustee makes income and principal payments as instructed by the trust provisions. This may include giving the trustee discretion to make principal distributions for educational or medical needs, or even as broad as in the best interest of a beneficiary.

Taxes

As required by law, trustees are charged with satisfying tax obligations in a timely manner. Duties include recordkeeping, preparing and filing fiduciary income tax returns, making estimated payments, communicating tax return information to beneficiaries, and staying current with tax law changes.

Ending the Trust

Upon termination of the trust, a trustee makes sure remainder assets are properly distributed, assets are transferred, and final expenses are settled.

A Trusted Advisor

If you have reservations about naming an individual as trustee, you may want to explore naming a corporate trustee. Huntington Private Bank® has been serving as trustee of trusts of all sizes, configurations, and complexities for more than a century. Our local trust advisors understand the responsibilities of a trustee and

have the experience and skill to help make prudent decisions to carry out your wishes. Knowing that many years of experience have been drawn on to develop consistent approaches to decision-making may provide you a certain level of comfort. Families can also benefit from having the same corporate trustee provide uninterrupted service for successive generations, eliminating mortality issues that come with opting for an individual trustee.

Keep in mind that selecting Huntington Private Bank as a corporate trustee does not exclude your family from being involved:

- You can appoint a family member as co-trustee to serve with us.
- You can give your beneficiaries the power to remove and replace us.
- You can name a family member as a trust advisor for the trust, to be consulted on investment decisions, distributions to beneficiaries, or both.

Whatever path is ultimately taken, many people find that consulting an experienced trust advisor puts the selection process on solid footing. We invite you to visit with a Huntington Private Bank Trust Advisor to learn how we can provide you with an objective perspective on your circumstances and help you select a trustee that will achieve the objectives of your legacy plan.

Contact your Private Bank advisor who can convene a team of professionals and help you build a customized plan designed to achieve your goals.

Visit [huntington.com/PrivateBank](https://www.huntington.com/PrivateBank) to learn more.

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