

BEING A TRUSTEE

It's Your Estate - Fall 2024

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LANGUAGE TERMS AND DEFINITION

- Trust - legal document
- Trustor, Settlor, Grantor - owner of the Trust
- Trustee, Successor Trustee - managing, controlling trust property, holds legal title
- Beneficiary - entitled to receive income and/or principal - Settlor, Grantor, Trustor
- Remainder Beneficiary - distribution of trust assets after passing of Settlers
- Specific Bequest vs Percentage Beneficiary - priority to specific bequest

LANGUAGE TERMS AND DEFINITION

- Beneficiary Types
 - Family, Friends, and Charity
 - Outright - receives share at end of administration process
 - Subtrust - created Trust with EIN number for various reasons
 - SNT - Special Needs Trust - protect continued government benefits

LANGUAGE TERMS AND DEFINITIONS

- Trust Document
 - Revocable vs Irrevocable - incapacity or death
 - AB Trust - Survivor - above ground, Bypass/Marital - below ground
 - Administration - Trust assets, liabilities, beneficiaries, protect and productive
 - Title - change from personal asset to trust asset
 - Fiduciary - high standard of conduct

Read the Trust, then Read Again



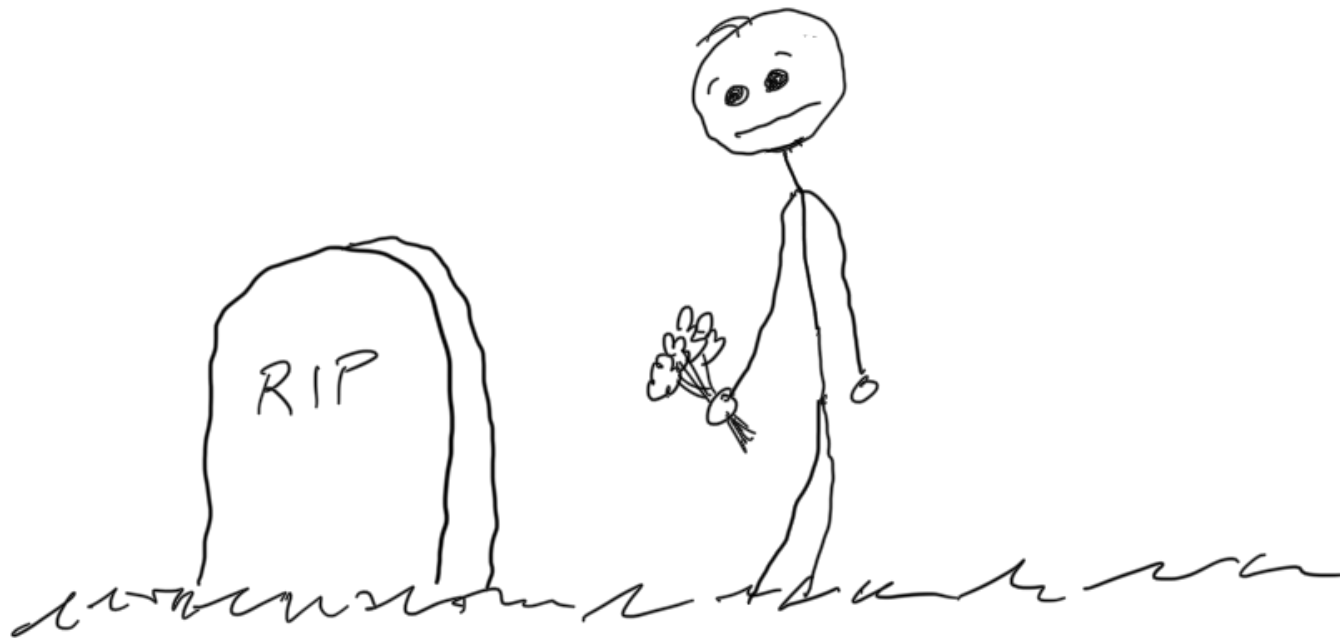
Duties of Trustee

- Trustee has a fiduciary relationship to the Trustors and Beneficiaries.
- List of Duties from Probate Code(PC 16000's) of California
 - Duty to Administer Trust According to its Terms
 - Duty to Follow Written Directions from Trustor
 - Duty of Loyalty to Beneficiaries
 - Duty of Impartiality to multiple beneficiaries
 - No Self-Dealing

Duties of Trustee(cont.)

- List of Duties from Probate Code(PC 16000's) of California(cont.)
 - Duty to Take Control of and Preserve Trust Property. Make Productive
 - Duty to Keep Trust Property Separate and Identified
 - Duty to Enforce Claims and Defend Actions
 - Duty to Apply Full Extent of Trustee's Skills
 - Trustee's Duty to Report Information and Account to Beneficiaries

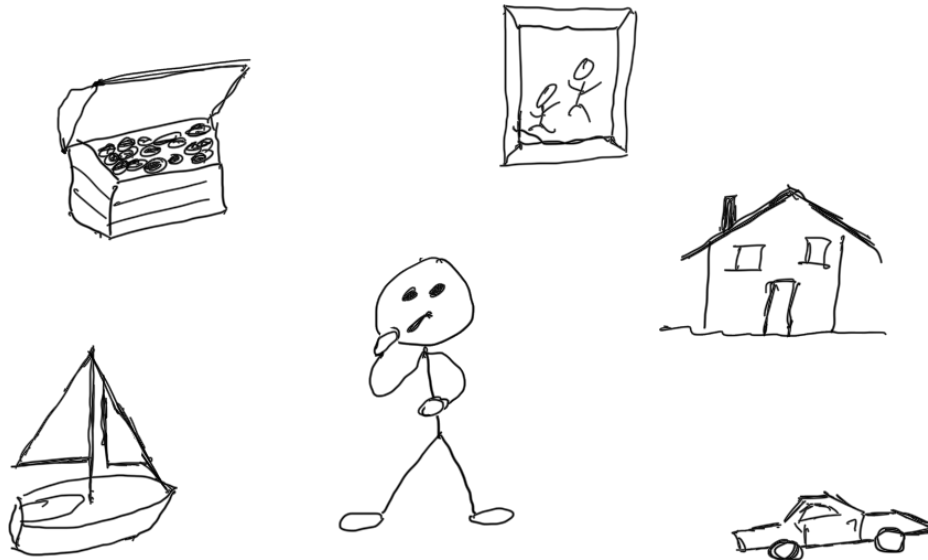
Death of Trustor



Administration Process

- Triggering Event; either Incapacity or Death
- Successor Trustee takes control over for Trustor and/or Trustee.
- Read the Trust and read it again. New language, rules, powers, directions
- Successor Trustee is not the Owner/Settlor, but assumes the responsibility
- Trust outlines the duties, authorities, distributions, powers, provisions
- Trust outlines and creates Special Needs Trusts, SubTrust, AB Trust, etc.

Know the Trust Assets



Administration Process

- Trust outlines HEMS: Health, Education, Maintenance, and Support - very broad discretion for distribution by Trustee
- Marshal financial accounts - Death Certificate or doctors note for incapacity
Present Drivers License and copy of Trust to follow institutions steps
- Change of Address
- Marshal Properties, Utilities, Taxing Authority, Insurance, etc.
- Request Tax EIN number from IRS for Irrevocable Trust
- Select CPA, Tax Returns and Tax Preparation

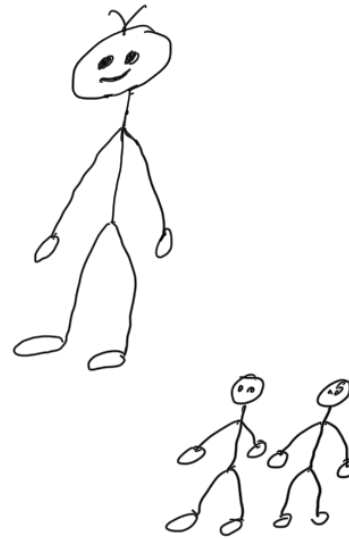
Hire Professionals



Administration Process

- Create Trust Records of Assets in Trust, showing Liabilities, Cost Basis, Values
- Select Accountant with competency for Trust accounting and reporting, administration of expense, and software(Quickbooks)
- Review Assets, Insurance policies, Cost Basis
- Distributions of Income and Principal and the Trust rules
- Distributions of HEMS to Settlor/Trustor
- Distributions of SubTrust, SNT, Beneficiaries

AB Trust



Administration Process

- Separation of Community Property and Separate Property of Spouses
- Separation of AB Trust to Survivor and Bypass

Administration Issues

- Do not Commingle the Trust Funds with your funds.
- Do not Sell Real Property without MLS offering, No handshake deals
- Use Property Managers, use Business Managers, use Financial Managers, use Bookkeeping and Tax Professionals
- Communicate with Beneficiaries to include on decisions, plans, timeline
- Distribution of Income and Principal
- Trustee's Compensation - .5% to 2% value of trust assets

Thank You

- Contact for any questions or concerns regarding Estate Planning, Trust Administration, Third-Party Professionals, etc.
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