

Hiring a Corporate or Licensed Fiduciary/Trustee

- corporate trustees are a public business entity so you may not always have experienced employees administering your trust. The trust officer you met with is not responsible for bill paying, investments, etc.
- unless your trust is of sufficient size you may not receive the special attention your trust needs in the area of administration, custody, distribution and fiduciary tax reporting. Ask about the minimum size or minimum annual charge.
- Because of the sheer volume of trust corporate clients, they may not be up to speed on changes in the law or your family that may affect your trust since the administration is mostly handled by lower end employees. Be sure to ask the professional fiduciary how many clients and staff they have to serve their clientele.
- You must check to see if the corporation (for a California Trust Company this is not possible) can escape fiduciary responsibility for some aspects of managing your trust
- if there are errors or abuse on your trust account you will need to go up against corporate attorneys to resolve your dispute
- corporate staff work 8 to 5 or 8 hour shifts mostly during the day hours and rarely on weekends
- it is generally very difficult to know the results of internal audits or regulatory complaints.
- Major decisions usually mean a corporate meeting of higher ups to determine the least amount of liability exposure while being perceived to be working in the best interest in mind of all beneficiaries, both current and future, while implementing trust provisions
- make sure you understand the reports, statements and technology and systems
- Most trust companies do not have one person responsible for your trust who can make a decision and you must work with multiple team members for different aspects of your trust (investments, bill paying, distributions, etc.) and on their time schedule.

Whether you use a corporate or a competent licensed professional they need to provide you guidance:

- 1) how to educate the next generation,
- 2) estate planning concerns,
- 3) Providing explanations of the terms of the trust and fiduciary accounting to each generation,
- 4) tax planning as a result of the beneficiaries' interest in the trust, and
- 5) modeling the investment portfolio to meet their income and risk needs. We recommend you use FEE ONLY FIDUCIARY REGISTERED INVESTMENT ADVISORS that do not have an insurance license.

Many trust companies will not be your attorney in fact under the durable power of attorney, or handle complex real estate transactions or deal with unruly beneficiaries. They will definitely not be your Health Care Agent and will outsource placement in the event you need memory care or assisted living.

Be careful in using out of state corporate trustee since there are trust law-friendly states (such as Alaska, Delaware, South Dakota or Nevada to name a few.)

“Friendly” means the laws in those state DO NOT favor the trust beneficiary but do favor the trustee in reducing liability exposure and regulatory requirements.

For assistance in hiring a private licensed professional fiduciary in California go to the licensing board web site: <https://www.fiduciary.ca.gov/>

Verify license <https://search.dca.ca.gov/?BD=3108> and be sure to open up the detail which will let you know if the person has been disciplined. The higher licensing number the newer the person been licensed. Being licensed does not mean you are an expert – it means you met the minimum requirements so be sure to check out the previous employment history.

“What You Should Know Before Hiring a Professional Fiduciary”

<https://www.fiduciary.ca.gov/consumers/index.shtml>

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www.trusteeopro.com

www.IYME.org