

---

---

# Trust Administration

Attorney Kathleen Castro & Attorney Shawn Wachter  
Castro Law PC  
Placentia California  
1 (888) 560-2743

---

---

# Definition of Trust Administration

- Administering a Trust according to the intentions of the Trustor for the benefit of the beneficiaries.

# Key Parties in Trust Administration

- Trustor/Settlor/Grantor: The person who creates the trust.
- Trustee: The person managing the trust's assets.
- Beneficiary: The person or people receiving the benefit of the trust's assets.

# Understanding Revocable Trusts

- Definition: A trust where the trustor can make changes until their death.
- Trust assets can be added or removed by the trustee.

# The Importance of Estate Planning

- Probate: Court supervision of an estate's administration, necessary if assets exceed \$184,500.
- Estate Plan: Strategy for managing and distributing assets in case of death or incapacitation, involving trusts, wills, powers of attorney, and more.

## During the Life of the Trustor

- Trustor controls assets: buy, sell, borrow, or gift.
- No additional tax return is required.

## During the Incapacity of the Trustor

- Trustee steps in to manage the trust for the benefit of the trustor.
- Trustee's fiduciary duty involves managing assets and notifying beneficiaries.

## After the Death of the First Trustor (Joint Trust)

- The surviving trustor continues to serve as the trustee.
- Key tasks: filing affidavits, managing assets, consulting financial advisors, and updating beneficiary designations.



## After the Death of the Second Trustor

- Successor trustee becomes the manager.
- Required tasks: collecting estate documents, notifying beneficiaries, filing affidavits, obtaining an EIN, and opening a trust bank account.

# Initial Steps for Trust Administration

- Interview clients.
- Review the trust, will, and estate planning documents.
- Summarize the estate planning documents for the trustee.

# Asset and Liability Collection

- Review titles to assets and estimate their value.
- Determine whether legal action is needed to collect assets into the trust.
- Identify liabilities such as debts and collect information from beneficiaries.

# Fiduciary Duties and Notifications

- Discuss fiduciary duties with the trustee.
- Send notices to beneficiaries and heirs.
- Discuss trust checking accounts and trust transactions.

# Tax and Reporting Requirements

- Discuss estate and income tax issues, including the basis step-up for assets.
- Determine whether any tax returns (706, 709) need to be filed.
- Discuss real property tax issues and possible trustee compensation.

# Appraisals and Asset Management

- Order appraisals for real and personal property.
- Prepare documents to collect non-trust assets and verify the opening of trust checking accounts.
- Discuss possible sales of assets for liquidity needs.

# Medi-Cal Notice and Progress Review

- Prepare the Medi-Cal notice.
- Discuss the progress of asset collection and appraisals with the trustee.

# Preliminary Distributions and Final Accounting

- Prepare the trustee's final account and report.
- Discuss possible preliminary distributions.
- Prepare a diagram of asset distribution and send drafts to the client and CPA.



# Checklist for Subtrust Allocation

- Obtain TINs for ongoing irrevocable trusts.
- Send asset schedules and diagrams to the client and CPA.
- Prepare transfer documents for funding distributions (e.g., deeds, notes, stock certificates).

# Final Trust Administration Steps

- Prepare waivers of accounting, beneficiary receipts, and mail distribution checks.
- Send closing packets and a termination of engagement letter to the client.

# Survivor's Trust and Estate Planning

- Remind surviving spouses about funding the survivor's trust and making annual exclusion gifts.
- Recommend changes to the estate plan and investment advice.

# Post-Administration Considerations

- Consider updating fiduciaries and powers of attorney.
- Possible creation of new trusts or partnerships for estate planning.
- Consult CPA and attorney to ensure compliance.

# Conclusion

- Trust administration ensures assets are managed and distributed as intended.
- Key Points: Importance of estate planning, trustee responsibilities, and legal/tax obligations.
- Always seek professional guidance for smooth administration.

# As a Reminder

- All trusts are different and the specific order of steps and requirements for a trustee vary per trust
- The best and easiest solution to a guide through trust administration is to contact an attorney
- If you have any questions after seeing these slides please contact our firm we would be more than happy to give you some guidance
  - Phone Number : (888) 560-2743
  - Email for Attorney Castro: [kathleen@castrolawpc.com](mailto:kathleen@castrolawpc.com)
  - Email for Attorney Wachter: [shawn@castrolawpc.com](mailto:shawn@castrolawpc.com)