

The "Daily Plan-It"™

ESTATE & BUSINESS LAW GROUP, P.C.

Volume 11, Issue 16

8/6/2009

What Kind of Person Should Clients Look for When Choosing a Trustee?

As financial advisors, you understand the importance of earning a client's trust. Before they will hand you the reins to their finances, they want a sense of your integrity and experience level. They want to know that your motives are not just about making a buck and that you will look out for their family's best interests.

When your client creates a Revocable Living Trust, he must choose someone to assume the role of Trustee after he dies or if he were to become incapacitated. Of course, this decision is not as simple as picking a favorite uncle or the client's eldest child. Choosing can be difficult.

What advice can you give a client who needs to pick an after-death or disability Trustee?

Roles and Responsibilities of a Trustee

First, explain to your client the fiduciary duties of the Trustee. The Trustee manages the assets in the Trust in the best interests of the beneficiaries, and makes decisions regarding how assets are invested or released.

Your client needs assurances that his chosen Trustee is a responsible person who will carry out the client's wishes, make sound judgments and seek out professional advice when necessary.

Typically, this role is assigned to a spouse, relative, close friend, business associate, professional advisor, or corporate fiduciary. Sometimes, co-trustees are chosen from a combination of these candidates.

You Can Keep It in the Family

A relative can be a good choice for Trustee if he or she:

1. Is competent to handle the finances and will follow the Trust's instructions;
2. Has adequate time and a genuine interest to take on the role;
3. Will avoid family conflicts by being unbiased and unemotional when making decisions.

Corporate Fiduciaries as Trustee

Some Trusts are complex or may be designed to benefit heirs for many, many years to come. Banks and trust companies are regulated by the government and can manage Trusts for decades. Their advantages include:

1. They don't die or become incapacitated.
2. They act objectively in following a Trust's instructions.
3. They keep good records and have estate administration, tax and investment expertise.

Considering a Professional Advisor

Sometimes a family member, friend or a trust company will not be the right choice for your client. They might be unavailable, unreliable, or simply too expensive.

This can make choosing a professional familiar with the client's plans a good choice, providing there is no conflict of interest. The Trustee could be a financial advisor (you), an estate planning attorney, a tax professional, or a combination of these professionals.

Regardless of who your client chooses, the basic qualities of a good Trustee are the same: integrity, good judgment, and objectivity.

I hope this article has helped you and your clients. As always, if you have a specific concern or case, please contact our offices. We are happy to help.

Workshop Schedule

The Truth about Estate Planning

Usually Tuesday nights, 7:00 pm
(Please call for current dates)



IRA Preservation Planning

Learn how to properly protect your IRAs and what the IRA Preservation Trust can do!

(Please call for current dates)

On February 8, 2006, President Bush signed into law the Deficit Reduction Act of 2005 (DRA 2005), which included the most sweeping changes to Medicaid laws ever enacted.

Medicaid Planning Workshop

The new Medicaid laws and some of the planning options that are still available, even in light of these sweeping changes.

Usually Tuesday nights, 7:00 pm

(Please call for current dates)

Registration: Contact Mary Lang at (847) 367-4460

<http://eblawgroup.com>

ESTATE & BUSINESS LAW GROUP, P.C.

Howard M. Lang, J.D. & Marguerite A. Kopke, J.D.

847-367-4460

We invite you also to direct your clients to
http://eblawgroup.com/FAQ_medicaid.htm
for more information on Medicaid Planning.