

Professional trustee services

The responsibilities of a trustee



Wealth Management

A trustee is the person or institution who administers a trust for the benefit of a beneficiary in compliance with the appropriate state laws and according to the instructions established by the trust maker in the trustee agreement. Serving as a trustee entails personal responsibility and liability for all transactions and account records, including disbursements, principal and income accounting, cost basis and tax reporting.

Duties and responsibilities of a trustee

Fulfilling all the education, reporting, oversight and compliance requirements can be challenging and time consuming. Add the periodic duties and distribution activities and you'll see that trustees must be highly organized, oriented toward serving others and have a solid understanding of financial basics. Patience, persistence and the ability to make unbiased decisions according to the standards of jurisprudence are also musts. Above all, a trustee must be fully able to carry out all of the following duties and responsibilities:*

- Duty to administer the trust
- Duty to keep and render accounts
- Duty to furnish information
- Duty to exercise reasonable care and skill
- Duty to take and keep control
- Duty to preserve the trust property
- Duty to enforce claims
- Duty to defend actions

- Duty to keep trust property separate

Who can be a trustee?

The duties and responsibilities of being a trustee may be overwhelming and can take much more time and energy than originally anticipated.

Clients often act as the trustee of their own revocable living trusts while living and able and name an attorney, spouse or other family member as their successor. Similar individuals may be named trustee of irrevocable trusts as well.

Often we find that clients do not fully understand the magnitude of the responsibility they are placing on the person they name to act as their trustee. The trustee has full legal responsibility and liability for the trust administration, including tax return preparation, distributions and compliance with the terms of the governing documents.

In many cases, clients employ the expertise of an attorney and CPA to assist with these complex issues and processes.

For these reasons, it may be beneficial to name a professional trustee, successor trustee or co-trustee to act or serve with the person you ask to be your trustee. A professional trustee has the experience and resources to handle all of the details and requirements of trust administration and the objectivity to make impartial decisions. Plus, the professional trustee is highly regulated for both the beneficiary and grantor's protection.

Your trustee selection may affect the ability of your financial advisor to provide investment management services related to the assets held in the name of the trust.

Administrative agent for trustee

You could name a professional trustee as your agent. This is often a step taken by an individual trustee who wants to tap into the resources of a professional trustee or have a "test drive" of the services without giving up fiduciary authority. The professional trustee can provide trust accounting, tax

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reporting and bill paying—at the direction of the individual trustee.

How can RBC Wealth Management help?

We have access to professional trustees who provide trust account management and administration while you continue to receive the personalized investment management services you've come to expect from RBC Wealth Management.

Talk with your financial advisor about the benefits of professional trustee services.

* Source: Scott on Trusts Third Edition.

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