



## WHO IS THE BEST CHOICE TO MANAGE YOUR TRUST?

### CONSIDER THE BURDEN ON FAMILY AND FRIENDS

**When you need to name a trustee to manage your trust assets, you have many choices.** If the trust is a living or “revocable” trust (which means it can be changed during your lifetime), you can name yourself as the initial trustee. Or you might want to name another family member or close friend. Depending on how complex the management of the trust might be, you can also designate a corporate trustee to help you manage the trust, either as trustee or as your “agent.” If you also name an independent, third party to manage your trust, you can ensure that the people you care about receive their financial benefits without having to take on the burden of investing, managing, or administering the trust assets yourself.

#### WHY NAMING THE RIGHT TRUSTEE IS SO CRITICAL

From working with clients over a number of years, Krista Conover, Senior Vice President, Boston Private Trust & Fiduciary Services, has gained considerable insight into the importance of naming the right trustee. “You want to make a choice that keeps your family intact and avoids conflicts, so you can still enjoy having Thanksgiving dinner together,” says Conover. As trustor, you want to ensure that your trustee will faithfully follow the direction you’ve set in the trust document about how the assets should be managed and the trust administered – and not be swayed by emotional ties or outside influences, she says. Being a trustee also means performing specific duties for the trust, including:

##### 1. Administration

- Monitoring, paperwork, and recordkeeping

##### 2. Investment Management

- Managing specialty assets such as real estate properties and/or portfolios of securities

##### 3. Communication

- Keeping beneficiaries and other interested parties up to date

##### 4. Discretionary Duties, such as

- Assisting a beneficiary with lifestyle decisions, such as the purchase or sale of a residence – or automobile
- Protecting interested parties from disreputable vendors or “financial advisors”
- Insulating interested parties from hostile or disruptive relatives and associates regarding financial matters
- Referring interested parties to appropriate advisors and caregivers
- Providing financial guidance
- Ensuring that the trustor’s wishes are properly implemented after death

If the trust is simple, these duties may not be difficult. If it’s more complex, with rental properties to manage for example, some or all of these tasks can be delegated or

shared by the trustee (or successor trustee) by naming an “agent of the trustee.” Like any other agent, this person or organization performs certain duties – like investment management or administration and communication – for the trustee.

### **YOU’LL NEED TO NAME A SUCCESSOR TRUSTEE TOO**

Some trusts end at death and others continue in perpetuity. Either way, someone will need to complete the trust administration upon your passing and distribute the trust assets according to your wishes. Therefore, naming a successor trustee is critically important. This should be someone who will continue to manage the assets – according to your wishes – on behalf of the trust beneficiaries.

Your successor trustee also will manage the trust assets during your lifetime if you become seriously ill or incapacitated. Conover points out that, “Incapacity is a real issue today with people living so much longer and the high prevalence of Alzheimer’s disease. You may not want to overburden someone you care about in that situation, such as a spouse or family member.” Your alternative may be to choose a corporate trustee, she says.

### **LOOK FOR A MIX OF HARD AND SOFT SKILLS**

A good trustee – or successor trustee -- will need to have a unique combination of what Conover calls “hard” and “soft” skills.

The “hard” skills are the more concrete mathematical and technical ones. They will vary with the trust, but typically include strong organizational skills, the ability to carry out required business management and investing tasks, and consulting with outside experts when necessary. “The specific expertise that will be needed can cover a wide range, depending on the types of assets that are in your trust,” Conover explains.

The “soft” skills are honesty, integrity, good communication, and strong relationship building (and mediation) with others, including beneficiaries.

### **OTHER CONSIDERATIONS: TIME AND DESIRE**

You’ll want to choose someone who has the expertise to manage the trust, knows and understands the trust’s underlying assets (including the business if a business is involved), and can perform all the duties mentioned above. But the trustee must also be fair and impartial, and be willing and able to communicate regularly with all of the beneficiaries, says Conover.

“It’s not only somebody with the right qualities but also the time, temperament, and inclination,” she says. “For example, you might decide that the adult child you name is really good at his or her job, and has the skills, knowledge, investment, or tax background. But that person may not have the time to communicate with his or her siblings or other beneficiaries about all the things being done for the trust. And everyone becomes extremely frustrated.”

To show how difficult it can be to reconcile roles as both a family member and a trustee, Conover offers the example of a loving son who wanted to do the right thing for his mother.

“The mother had named her son to be her sole trustee, responsible for managing her multiple rental properties and investments. But when she became increasingly incapacitated in her later years, the role became a huge burden for him,” she recalls.

“The son just wanted to have brunch regularly with his ailing mom. But he found he was spending so much time managing her trust properties – in addition to his own finances -- that he was rarely able to do that,” says Conover. A better approach might have been to name a corporate trustee to manage those assets, or hire an agent, freeing up the son to spend more time with his mom, she says.

## ALTERNATIVES TO FRIENDS AND FAMILY AS TRUSTEES

Fortunately, there are alternatives that can help you reconcile the emotional vs. professional tug-of-war that friends and family may face as your trustee. They include:

1. *Sharing the trustee role* by naming co-trustees who can share the duties
2. *Delegating some of the trustee duties* by naming an “agent for the trustee”
3. *Outsourcing the trustee role* by turning over trust administration and management to a corporate trustee who has the skill, experience, objectivity, and longevity to act on your behalf for generations.

While these alternatives can require paying additional fees for the services, that may be money well spent if it reduces stress for your loved ones and keeps peace in the family.

Remember too, that your Boston Private advisor can be a helpful sounding board to determine how to choose the best trustee for your situation.

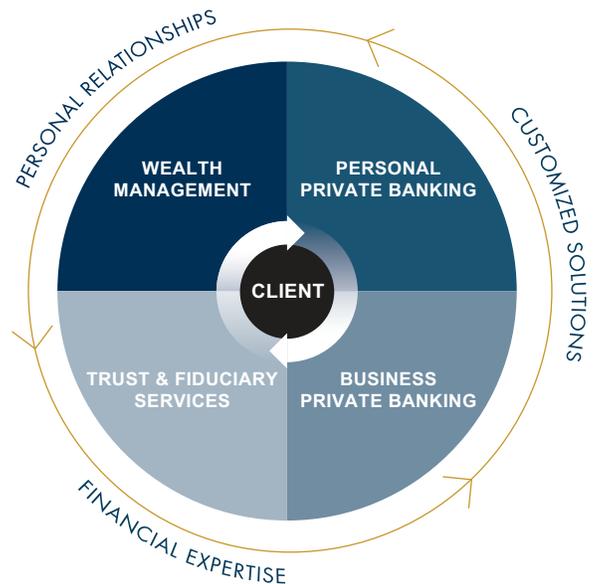
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