

Choosing a Trustee

One of the most important decisions you'll face when establishing your trust is the selection of your trustee(s). The trustee is responsible for distributing income and principal to the beneficiaries of the trust according to the terms specified by you, the grantor, in the trust agreement. While some individuals name themselves, a family member, or friend; others prefer to choose a trusted financial institution for this important role. By choosing a corporate trustee, you help ensure that current and future generations benefit from the continuity, prudence, and professionalism that a well-established organization can provide.

Why a Corporate Trustee May be Your Best Choice

When thinking about whether to name one or several individual trustees, a corporate trustee, or a combination of individuals and organizations, there are several factors you may wish to consider.

- **Experience**

The trustee you choose has significant responsibility for the financial well-being of current and future beneficiaries. One of the responsibilities that a trustee generally has is the investment management of the trust assets. The trustee must feel comfortable making investment decisions or choosing and monitoring an investment manager, weighing and evaluating requests for distributions, and making potentially difficult decisions. In these cases, a trustee who is inexperienced or "too close to the situation" may not be the best choice.

What's more, your trustee must be willing to accept significant recordkeeping responsibilities, including accounting for the receipt and disbursement of income and principal from the trust assets and preparation and filing of any annual trust income tax returns (state and federal) that are required. Add to this the importance of keeping up with ever-changing and complex laws regarding trust administration, and it's easy to see that a friend or family member may be burdened by these responsibilities. A corporate trustee with experience and expertise in trusts and investing can be an attractive alternative.

- **Objectivity**

Even in the most loving families, relations can sometimes become difficult and emotionally charged. And while a carefully drafted trust document explains your intent and provides directions, it can be difficult for a trustee who is a parent, sibling, relative, or friend to act objectively. A corporate trustee, on the other hand, benefits from being an outsider who can make decisions free from bias and considerations of family dynamics.

- **Continuity**

Because one of the principal reasons for establishing a trust is to provide for the future, it's important to remember that over the years, age or illness could prevent an individual from performing the duties of a trustee. In naming a trustee, you want to be sure that as your family's situation changes and time takes its toll, your trustee will continue to be responsive. By choosing a corporate trustee, you help ensure continuity for the full term of the trust.

- **Prudence**

When it comes to the delicate and personal issue of how, when, and to whom you want your assets distributed, prudence is likely to be a top consideration. When you name the right corporate trustee, you can feel assured that your privacy and your financial matters are treated with the utmost respect.

Salem Five Wealth Management and Trust is here to help you uncomplicate the estate planning process. Please give us a call at 978-720-5020 to learn more about the various capacities we can serve to meet your unique estate needs.