

Choosing a Guardian and Trustee



When planning for your family's future, two critical decisions include choosing a guardian for your children should something happen to you and establishing a trustee for your estate. When asked by a loved one to serve as guardian, many people feel honored and happily agree. However, if you really think about what it means to be a guardian, it's an incredible responsibility. It's also key to establish a trustee for your estate to protect your assets.

Considerations for Guardians

Taking on the role of guardian may mean that person has to change their lifestyle. For example, a move to a bigger house or different school district may be needed. They may need to reconsider their jobs if they require them to be out of town for periods of time. Or, they may experience an unexpected burden if they are financially unprepared to care for your child. When making the decision of who will serve as a guardian, parents need to understand the enormity of the request.

Choosing a Successor Trustee

The same is true when choosing a successor trustee for your estate. Oftentimes, we as financial professionals hear our clients say, "Oh, the kids can handle it," with little regard for the responsibilities and potential liability involved with serving as a trustee. However, the obligations of serving as trustee can be overwhelming.

Trustee responsibilities often include:

- Adhering to the terms of the trust document and complying with a variety of laws.
- Proper investment of trust assets, making decisions regarding trust distributions, proper income and principal accounting and safekeeping of assets.
- Management of assets such as real estate, mineral interests, personal property, insurance, closely held business interests, etc.
- Taking on liability as the person responsible for the trust. An individual with the capabilities, time and desire to perform all the responsibilities of the trustee must also consider that he or she may be putting personal assets at risk by doing so.
- Navigating family dynamics at an emotionally charged time.
- Overseeing administrative details, such as closing credit cards and financial accounts, deleting social media pages, paying bills, filing taxes, dividing assets and more.

Advantages of a Corporate Trustee

A corporate trustee provides expertise, support, policies and procedures to effectively and efficiently administer the trust.

Role of corporate trustee includes:

- Corporate trustees are regulated and continually scrutinized by external agencies and internal auditors to ensure they are properly administering trusts.
- Should a mistake occur, corporate trustees carry liability insurance to satisfy any judgment against them.

- A corporate trustee is a neutral party that administers trusts in an unbiased manner, thus removing family dynamics and minimizing the potential for family conflict.

Having a Family Member and Corporate Trustee

If you would like a family member to be involved, but not place the responsibility entirely on his or her shoulders, you may consider naming a corporate trustee to serve alongside a family member. With this approach, the corporate trustee provides expertise, technical knowledge and process support, while the family member contributes insight into your preferences and your family's best interests.

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