

Choosing Your Trustee



When establishing a trust, you are making a legal arrangement that gives your trustee power to manage your assets on behalf of one or more beneficiaries. One of the most important choices when creating a trust is deciding who you will name as trustee. The trustee you name will be responsible for managing trust assets and making distributions on behalf of your beneficiaries according to the instructions in your trust document.

What are the Trustee's Responsibilities?

Before naming someone as trustee, you should give serious consideration regarding whether he or she can handle the responsibilities and duties required. Responsibilities of a trustee include the following:

- Managing and investing the trust assets
- Filing accountings, maintaining records and paying bills
- Managing the needs and expenses of the beneficiaries
- Maintaining real estate owned by the trust

What Should You Look For in Identifying a Trustee?

Your intentions will be carried out effectively only if the trustee you choose has the competence, time, and decision-making ability to fulfill the terms of the trust. Your trustee should have a sufficient level of investment knowledge, must be objective in making decisions, and should be available to handle the time commitment needed to administer the trust. Several questions to consider when selecting a trustee include the following:

- Will the trustee be able to make the objective decisions necessary to manage the distributions for the beneficiaries?
- Are there any potential family dynamic issues between the trustee and a beneficiary that should be avoided?
- Will the trustee be able to make prudent investment decisions in managing the trust portfolio?
- Is there a possibility that you could outlive the individual you name as trustee?

Who Can Serve as Trustee?

Any competent person over the age of majority can serve as trustee (in NC, the age of majority is 18). A financial institution or trust company can also serve as trustee. State Employees' Credit Union (SECU) through Members Trust Company offers corporate trustee services to manage trust assets and oversee distributions. SECU Trust Services has experience in managing various types of trusts, including special needs trusts, revocable trusts for incapacity planning, and trusts for spendthrift beneficiaries. SECU through Members Trust Company can be named as sole trustee, co-trustee with an individual, or successor trustee in a future capacity. At a low-cost, annual tiered fee of 1.25%¹ with minimum fees starting at \$2,500², and minimum account opening balance of \$250,000, these services are available to many SECU members.

What are the Benefits of a Corporate Trustee?

A corporate trustee is equipped to handle the complexity and time involved in administering a trust and may help prevent family dynamic issues from affecting the original intent of the trust. In addition, a corporate trustee provides the following:

- Experience in trust administration
- Professional asset management
- Accurate recordkeeping
- Objectivity in decision making

How Do I Get More Information?

SECU is committed to providing personal and effective service to members with a need for trust management. Trust Representatives are available statewide to assist interested members with questions about trusts and other estate planning topics.

For more information about trust services or estate planning, please contact your local branch office and ask to speak to a Trust Representative.

Trust Services offered through Members Trust Company, a federal thrift regulated by the Office of the Comptroller of the Currency. Trust products are not credit union deposits, are not insured by the NCUA or any other federal government agency, are not obligations of or guaranteed by the credit union, Members Trust Company or any affiliated entity, and involve investment risks, including the possible loss of principal. The material above is for educational purposes only and is not intended to provide legal or tax advice regarding your situation. For legal or tax advice, please consult your attorney and/or tax professional.

¹The tiered fee schedule offered by SECU Trust Services is 1.25% on the first \$1 million of assets; 1.00% on the next \$1 million; 0.85% on the next \$1 million; and 0.75% on the next \$3 million. Fees for accounts over \$6 million are negotiable.

²Minimum annual fees: \$2,500 for Agent for Trustee, FlexIRA, and Revocable Living Trusts; \$3,000 for Irrevocable Trusts; \$3,500 for Special Needs Trusts.

