

ESTATE PLANNING INSIGHTS

ESTATE PLANNING NEWSLETTER

WHEN TO APPOINT A CORPORATE TRUSTEE

For any estate plan that includes a trust, the appointment of the trustee for the trust is of critical importance to the successful administration of the trust. Often, the grantor will appoint family members to act as the trustee, but this may not always be the best choice.

The trustee of a trust serves a crucial role in being responsible for managing and protecting the trust's assets for the benefit of the beneficiaries and ensuring the trust's objectives are met according to the grantor's wishes. The trustee's role is fundamental to the trust's success and the well-being of those who will eventually inherit or benefit from the trust's assets.



- **Timely administration:** Corporate trustees are more likely to administer the terms of the trust in a timely manner as they are not distracted by personal obligations.
- **Investment performance:** Corporate trustees generally have superior investment expertise and performance compared to family members, which can more than cover the costs of the professional trustee's fees.

Advantages of Using a Corporate Trustee

Using a corporate trustee has several advantages, including:

Navigating the Complexities of Trust Management

- **Large or complex trusts:** If the corpus of the trust is substantial or involves complex assets such as real estate, businesses, or international investments, a corporate trustee's expertise and resources can be invaluable.
- **Lack of expertise or time:** If the potential trustee lacks the time, knowledge, or experience to manage the trust effectively, a corporate trustee can handle the administrative and investment tasks efficiently.

Ensuring Continuity and Objectivity

- **Continuity in case of incapacity:** A corporate trustee can ensure the trust's continuity if the grantor becomes incapacitated or passes away. The corporate trustee can provide ongoing management and ensure the grantor's wishes are carried out according to the provisions of the trust agreement.
- **Objectivity in decision-making:** Corporate trustees are less likely to be influenced by family dynamics or personal relationships,

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ensuring impartial management of the trust.

- **Professional management:** Corporate trustees are more likely to manage the trust professionally, ensuring compliance with the trust document and adapting to changes in the law.

Avoiding Conflict and Stress

- **Minimizing family conflict:** A corporate trustee can help avoid potential disputes or conflict among beneficiaries by ensuring a neutral and objective approach to the trust administration. Corporate trustees are less likely to have conflicts of interest compared to family members who might also be remainder beneficiaries, which can lead to family friction. This can be important where there are strained relationships among the family members who are beneficiaries of the trust.
- **Reducing the burden on family members:** Appointing a corporate trustee can relieve the family members of the stress and responsibility of managing the trust, allowing the family members to focus on other matters.

Specific Circumstances

No suitable individual trustee: If there is not an appropriate family member or friend who

is capable or willing to serve as trustee, a corporate trustee is a suitable choice to serve as trustee.

- **Limited experience or knowledge:** If the potential trustee lacks experience or knowledge in managing investments or trust administration, a corporate trustee can provide the necessary expertise.
- **Courage to enforce restrictions:** Corporate trustees are more likely to enforce restrictions on distributions, especially in cases involving beneficiaries with drug or alcohol problems.
- **Perpetual trusts:** Corporate trustees will not become incapacitated or die as individual trustees might, which helps ensure a consistent trustee presence throughout the administration of a perpetual trust.

Conclusion

A corporate trustee can be a valuable option who brings a level of professionalism, impartiality, and experience to the management of the trust and is more likely to ensure the wishes of the grantor of the trust are carried out effectively.

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