



SELECTING A TRUSTEE

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“My trustee shaped the course of my life with his guidance, rigor and kindness.”

- FROM A BENEFICIARY TO THE BENEFICIARY & TRUSTEE POSITIVE STORY PROJECT

Are you finding the selection of a trustee challenging? Are you wondering about which qualities to look for in a trustee who will develop relationships with your spouse, your children, and your grandchildren in your absence? Will your choice serve your family well over the years, perhaps generations? Many make the decision thoughtfully, but without the benefit of speaking with experienced trustees and beneficiaries.

We collect stories about moments in time when relationships between beneficiaries and trustees work well. The positive stories provide important data. Data about what is happening when things go right. What are trustees and beneficiaries saying? What are they doing? What are the circumstances that contribute to success? We have learned a great deal from these stories about how to select a trustee to serve a family for years to come.

Here are some of our thoughts ...

Trustees and beneficiaries repeatedly tell us that knowing the intent of the trust creator is crucial.¹ While trustees are, of course, bound by the trust language, they indicate that “knowing what the creator would have wanted” provides valuable guidance in making decisions.

Beneficiaries tell us that knowing the intent helps them understand their trust as an opportunity for enhancing their life rather than simply a source of funds. Said one beneficiary, “It was what I needed to hear so that I could make sense of how and why this was happening to me!”

Learn about the Beneficiary & Trustee Positive Story Project and read selected stories at:

NavigatingTheTrustscape.com

A book of the collected stories and commentary will be published later this year.

FOUR QUESTIONS TO CONSIDER WHEN SELECTING A TRUSTEE²

1. Will your trustee reach out to your beneficiaries beyond the legal duties?

One of the stories describes how a boy of eight became a beneficiary upon the death of his grandfather. His trustee regularly visited the young beneficiary at his home for years before he was told of the existence of the trust. This simple act created the foundation for a lifelong relationship. “The little things that my trustee as an adult did to reach out to me as a child were critical in the development of a rapport between the two of us.” That beneficiary is in his forties today and grateful for the care his grandfather took in selecting a trustee who has been a mentor and friend for thirty plus years.

Many are the stories of trustees going beyond their legal duties: shopping for an elderly beneficiary simply because there was no one else to do it; assisting a recent grad to create his first business plan; helping a young beneficiary’s mother sort through her personal finances; helping a family deal with grief.

2. Will your trustee see each beneficiary as an individual?

Trust creators are often unaware of the tendency of many trustees, sometimes with the advice of counsel, to treat all beneficiaries of a given trust in exactly the same manner when it comes to trust distributions.

A common theme among the beneficiaries who share positive stories with us is the impact of trustees who take the time to understand their interests, dreams and needs. Corollaries include willingness to listen and be empathetic, even when disagreeing with a beneficiary.

A beneficiary summed it up, “The trustees I’ve had have really taken the time to understand what I’m doing and how I’m doing it. When issues come up we talk. We work together to find the best way to tackle situations. It has been neat to see how the trust can support different types of people, investments and endeavors over time.”

From a trustee, “If a beneficiary is a little bit unusual, that shouldn’t bother someone in my position. I may not always agree, but at the same time it is refreshing that they don’t passively accept what I am saying. I enjoy the give and take.”

3. Will the trustee educate your beneficiaries?

When appropriate, will your trustee proactively offer education? Said one trustee, “Guiding young family members is part of my role as a trustee. I am proud when we help them as trustees. I enjoy explaining what a trustee is, what a beneficiary is, the point of our annual meetings and what the trust company is and does. I talk with them about my experiences. I ask them what they want to do to earn a livelihood. Knowing about the family and the trust will help them manage more productively.”

Will your trustee go beyond these basics and serve as a mentor? “I had a lot of contact with my trustee. He was willing to talk with me as much as I wanted to talk. He was willing to give me ideas.”

4. Will your trustee put your families interests above all else?

In our modern world, corporate trustees may face a variety of demands, some institutional (e.g., risk management, profitability, need for new clients) and some personal (e.g., career advancement, increased compensation, status). Will your family be able to say, “There was never a shadow of a doubt during the thirty years that we worked together that, although our trust officer was paid by the trust company, he worked for our family’s best interest.”

The more stories that we collect the clearer we are about the value of selecting a trustee who, when working with a young beneficiary, sees his role as a guide for the beneficiary’s increasing maturity. Sometimes that requires listening deeply and asking significant questions, other times providing education, yet other times discussing life planning skills.

That same trustee, when working with a mature beneficiary, will see his role as a partner trying to make the best decisions possible. He will seek the beneficiary’s ideas and openly discuss his own thinking.

Yes, selecting a trustee requires rigor and broad thinking. Criteria go beyond trust administration and investment. We believe the expanded focus can make a difference for the future of your family.

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¹ There are a growing number of attorneys who draft trusts that openly express the intent of the trust creator in very personal ways. John A. Warnick has written extensively about purposeful trusts. Learn more at: www.purposefulplanninginstitute.com

² We assume that whomever you select will have the expertise, or have access to the expertise, to administer well the technical aspects of your trusts (legal compliance, investing, tax compliance, etc.).