

Best Practices for Administering a Trust

Serving as a trustee requires making sure there is sustained and careful attention to the trust, and each trustee should implement a process for keeping track of all administrative issues. Some recommended actions that may be useful, depending on the situation, are as follows:

- ✓ Hold regular meetings with co-trustees at least twice a year to discuss investments, distributions, and any other questions that may come up.
- ✓ Document investment and distribution decisions.
- ✓ Invest the trust's assets prudently, and keep an eye on investment performance and fees charged by investment advisors.
- ✓ Establish appropriate practices for assessing risk, identifying and addressing conflicts of interests, and determining whether to enter into potentially problematic or unusual investments.
- ✓ Regularly seek professional investment advice.
- ✓ Consult as appropriate with the donor and/or primary beneficiaries about their preferences for investing the trust's assets, making distributions to the beneficiaries, and other matters pertaining to the trust, but remember that the ultimate decision must be the trustee's, made in good faith in furtherance of the purposes of the trust. This is important both for the trustee (to demonstrate that he or she is complying with his or her fiduciary duties) and for the donor and beneficiaries (to avoid IRS arguments that the trusts are controlled by them, resulting in possible negative tax consequences).