



Trustee School

Navigating Your Role with Confidence

Presented by

Paula Clarkson Chamberlain, Esq.



Estate Planning & Business Law Attorneys

- Estate Planning
- Probate & Estate Administration
- Business Succession Planning
- Asset Protection
- Charitable Planning
- Business Law
- Entity Formation
- Employment Law
- Mergers & Acquisitions
- Real Estate

Presenter



Paula Clarkson Chamberlain, Esq.

Paula Clarkson Chamberlain is a founding partner and head of Merhab Robinson & Clarkson's Estate Planning practice. She primarily practices in the areas of estate planning, probate, trust administration, guardianships, and conservatorships.

Syllabus

Required Materials

Course Schedule

1. Trustee Role
2. Notices
3. Title & Ownership
4. Taxes
5. Beneficiary Relations

Examination

General Overview

- Gather Estate Planning Documents
- Provide Notifications
- Marshal and Value Assets
- Pay Final Bills and Expenses
- Accounting
- Distribute Assets

Estate Planning Documents

- Trust Instrument(s)
 - Amendments
 - Restatements
- Will
 - Handwritten?
 - Codicil (aka amendment)
- Spousal Property Agreements
 - Community/Separate Property
 - Premarital Agreement
- Incapacity Declarations
- Miscellaneous

Entity Documentation

- Articles
- Bylaws
- Operating Agreement
- Partnership Agreement
- Statement of Information
- Buy-Sell Agreements

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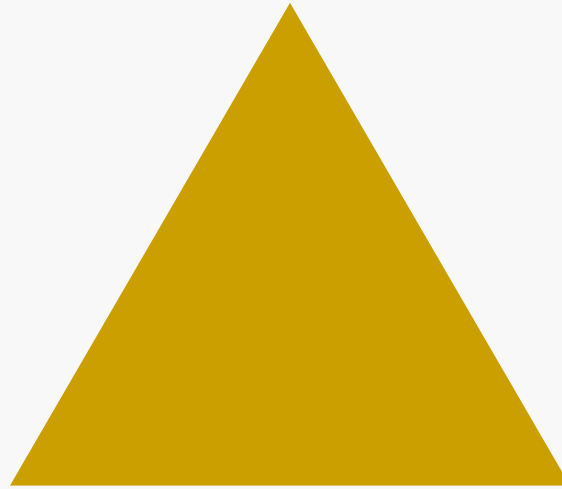
3. Title & Ownership

4. Taxes

5. Beneficiary Relations

Trust Basics

Settlor/Trustor/Grantor
(creates the trust)



Trustee
(manages the trust)

Beneficiary
(benefits from the trust)

A Trustee Is a Fiduciary

A Fiduciary Duty is the highest standard of care under the law.

- Duty to administer the trust
- Duty of loyalty to the beneficiaries
- Duty to deal impartially with beneficiaries
- Duty to avoid conflict of interest
- Duty to control and preserve property
- Duty to keep trust property separate
- Duty to enforce claims & defend actions
- Duty to keep beneficiaries informed
- Duty not to delegate (no silent trustees)

Prudent Investor Rule

A trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution. (Prob. Code § 16047(a))

Important Provisions

Governing Law of Trust

Successor Trustee

Beneficiary Distributions

Accounting

Trustee Compensation

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Examination

Notices

- Notices (Deadlines!!!!!!!)
 - To Beneficiaries & Heirs
 - To Government Agencies
 - To Taxing Authorities
 - To Reporting Agencies

Beneficiaries & Heirs

- Probate Code §16061.7
 - Beneficiaries
 - Heirs
- Probate Code §15800
 - Incapacity

Creditor Claims

- Claims Against the Decedent
 - 1 Year Statute of Limitations
 - Can be Shortened by Probate
- Claims by Decedent's Estate
 - Wrongful Death
 - Medical Malpractice
 - Contracts



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Examination

Marshalling Assets

- Secure the Assets
- Create a Complete Inventory of Assets and Liabilities
- Determine Title & Value
 - California Small Estate 2026 \$208,500 gross
 - Affidavit vs. Petition vs. Probate

Types of Property

- Tangible Personal Property
- Vehicles
- Bank Accounts
- Investment Accounts
- Real Estate
- Closely Held Business
- Memberships
- Life Insurance
- Out-of-State
- Foreign



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Examination

Estate Tax

Year	Estate Tax Exclusion	Estate Tax Rate
2001	\$675,000	55%
2002	\$1 million	50%
2011	\$5 million	35%
2018	\$11.18 million	40%
2025	\$13.99 million	40%
2026	\$15 million	40%

Income Tax

Step-Up on Income Tax Basis for All of Decedent's SP and All CP



Home purchased for
\$100,000

Fair market value of
\$1 million

Sell Before Death

Home basis is
\$100,000

Fair market value of
\$1 million

= \$900,000 capital gain

Sell After Death

Home basis stepped up to
\$1 million

Fair market value of
\$1 million

= \$0 capital gain

California Property Tax

- Purchase Price is the Base Value
- 2% Cap on Annual Assessed Value Increases (Prop. 13)
- Reassessment
 - Change in Ownership (Individuals vs. Entities)
- Exclusions
 - Spousal
 - Parent-Child (Prop 19)

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Examination

Reasonably Informed



- Account to Whom?
- Accountings
 - Court Approval
 - Formal
 - Informal
 - Waiver
- Statute of Limitations (shortened?)

Trustee Tools

- Court Order
 - Petition for Instructions
 - Approval of Accounting
- Notice of Proposed Action
 - 45-Day Period
- Written Consent to Action



Distributions

- Follow the Trust Provisions
 - Outright vs In Trust
- Preliminary Distributions
- Assets or Cash
- Reserve Hold Back



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PROBLEMS!

Pre-Death Problems

- Documentation
 - Conflicting estate planning documents
 - “Old” Trust
 - Community/separate property (esp. real estate)
 - “Wrong” successor trustee

Pre-Death Problems

- Asset
 - Failure to maintain a list of assets
 - Failure to fund the trust
 - Failure to name beneficiary designations
 - Unintentional POD/TOD
 - Ademption

Administration Problems

- Trustee
 - Co-trustees disputes
 - Trustee self-dealing

Administration Problems

- Beneficiary Issues
 - Failure to keep beneficiaries informed
 - Favoring one beneficiary over others
 - Failure to keep trustee-beneficiary distinction



Administration Problems

- Marshalling Assets
 - Failure to keep deadlines
 - Improper investment or liquidation
 - Improper expenses
 - Improper tax reporting
 - Failure to hold back a reserve

Planning for Success

- Review estate planning documents every 3 years
- Marital Property Agreement
- Keep important information in one place
- Fund the trust
- Select the “right” trustee
- Seek legal, financial and tax counsel

Our Goals for the Trustee

- Comply with all federal, state, county and trust requirements
- Limit trustee liability
- Maintain healthy trustee-beneficiary relationships
- Fulfill the wishes of the trustor





Estate Planning &
Business Law Attorneys
www.mrclawcorp.com

❖ Any questions?

Don't miss our next
webinar!

Milestone Planning:
Estate Planning for
Every Big Moment

Wednesday,
May 20, 2026 at
12:00 PM PT



REGISTER