Who's the Boss?
Choosing the Right Trustee for Your Trust

MRC Webinar · Estate Planning Series · 2026

Presented by Michelle McDonald, Esq.

Presenter

Michelle McDonald, Esq.

Estate Planning, Probate , Trust Law, and Conservatorships

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PRACTICE AREAS

Estate Planning · Probate & Estate Administration · Conservatorship

SECTION 1

Introduction

What Is a Trust?

- An agreement between a trustmaker and a trustee
- The trustee manages accounts and property for the benefit of beneficiaries
- A trust agreement sets the specific rules and instructions
- Can take effect immediately, or only upon incapacity or death
- May be revocable or irrevocable depending on your planning goals

What Is a Trustee?

- A trusted decision maker who handles all matters related to your trust
- Depending on the trust type, you may serve as your own initial trustee
- May step in only when you are unable to act — or may act immediately
- Carries out the instructions in your trust agreement
- The right trustee choice depends on your trust type, assets, and family situation

Types of Trustees

By Timing

- Initial trustee — acts immediately when the trust is created
- Successor trustee — steps in if the initial trustee cannot serve

By Role

- Trustee for the full trust
- Trustee for a specific subtrust
- Distribution trustee — controls payments to beneficiaries
- Investment trustee — manages and grows trust assets

SECTION 2

Trustee Duties

Managing Accounts and Property

- The trust legally owns the accounts and property — not the trustee personally
- A trustee is needed to carry out transactions on the trust's behalf
- Investment accounts, real estate, and other assets all require active management
- The trustee must act in the best interest of the beneficiaries at all times
- Goal: protect and grow trust assets according to the trust's instructions

Keeping Beneficiaries Informed

- Trustees act on behalf of — and in the best interest of — the beneficiaries
- Required to periodically report what the trust owns and its current value
- Must account for all income received and all expenses paid
- Beneficiaries have a legal right to be kept informed
- Transparency prevents disputes and builds trust

Acting as a Point Person

- Trustee answers beneficiaries’ questions about the trust
- Files all required tax returns for the trust
- Participates in any lawsuits or legal proceedings involving the trust
- Coordinates with attorneys, accountants, and financial advisors
- The trustee is the central contact for all trust-related matters

SECTION 3

What to Look For in a Trustee

Ability to Ask for Help

- Trustees don’t have to be experts — they just need to know when to ask
- Financial advisors, CPAs, and attorneys can all provide support
- Professional fees are paid by the trust — not the trustee personally
- Seeking guidance is a sign of good judgment, not weakness
- The right team behind a trustee makes all the difference

Detail Oriented

- Trust administration involves specific legal steps that must be completed correctly
- Trustee must compile an accurate inventory of all trust assets
- Income and expenses must be carefully tracked and documented
- Sloppy record-keeping can lead to beneficiary disputes and legal action
- Precision protects both the trustee and the beneficiaries

Organized

- Complicated assets, multiple beneficiaries, and complex plans create lots of moving parts
- Trustee must keep trust affairs completely separate from personal finances
- Distribution plans can require careful coordination over time
- Good organization prevents costly and embarrassing mistakes
- An organized trustee earns the confidence — and gratitude — of beneficiaries

A Good Communicator

- Trustees must act in the best interests of all beneficiaries
- Must clearly explain decisions and keep beneficiaries in the loop
- Timely responses to questions are a legal and practical obligation
- Must be able to work with — and get along with — beneficiaries
- Poor communication is one of the leading causes of trust disputes

Willing to Follow the Rules

- State law, federal law, and the trust document all impose binding requirements
- Trustees sometimes have discretion — but often must do exactly as instructed
- Failing to comply can expose the trustee to civil or criminal liability
- The trustee's job is to carry out the trust — not rewrite it
- When in doubt, always consult an estate planning attorney

SECTION 4

Your Trustee Options

Family Members

- Common choices include a spouse, adult child, parent, or sibling
- Family members often have an intimate knowledge of your wishes and values
- If the trustee is also a beneficiary, they may choose to waive compensation
- Caution: naming a beneficiary as trustee may reduce their asset protection
- Works best when family relationships are strong and conflict is unlikely

Close Friends

- May share your values and understand your legacy goals
- May be reluctant to get involved in family conflict
- As non-beneficiaries, they are legally entitled to compensation from the trust
- Compensation can sometimes create friction with family beneficiaries
- Choose someone who can stay neutral and professional — even under pressure

A Professional Trustee

- Best option when protecting beneficiaries’ inheritances is the top priority
- Deep expertise in trust administration, taxation, and investments
- Will charge a fee — typically a percentage of trust assets annually
- No personal conflict of interest with family beneficiaries
- MRC can help you identify the right professional trustee for your situation

Questions?

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No Kids, No Problem: Estate Planning for the Child-Free

Date: September 16, 2026

Time: 12:00 – 1:00 PM Pacific

Presented by: Cassidy L. Russell, Esq.

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