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The 5 Steps to Administer a Trust



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So, your friend or family member chose you to serve as successor trustee for their trust and the time has come for you to step in, now what? Serving as trustee can be a daunting endeavor. Being named trustee is not an honor, it is a job. It is a job where one can be sued if they act negligently. As a trustee, you have a fiduciary duty to act in the best interests of the beneficiaries. This means you must put their interest in front of your own and act with integrity, honesty, and impartiality throughout the trust administration process.

Before accepting trusteeship, a successor trustee should be aware of all tasks that are required to administer a trust objectively and faithfully per the grantor's wishes. If you have been named a successor trustee, here is a brief guideline of five steps you can take to properly administer a trust:

1. Collect and Review All Documents, Including the Trust Document.

The first step in the process is to get a full picture of the assets and wishes of the grantor. You must carefully review all available documents to get an understanding of the amount and type of assets in the trust. You will need multiple copies of the grantor's certified death certificate for the next step. These can be requested from the funeral home or the county in which the grantor resides. This can sometimes take up to 6 weeks, so it is important to request these as soon as possible. The trust document must be thoroughly reviewed. Pay special attention to named beneficiaries, initial distributions, discretionary provisions, trustee powers, and if separate shares need to be created.

2. Custody the Assets.

Now that you are aware of all assets, you must secure and value them. Whether that be completing account paperwork to be sure investment and bank accounts are properly titled, securing the property held in the trust, or inventorying the safe in the grantor's home. You should take an initial inventory of all assets and value them as of the grantor's date of death. All trusts consist of a variety of assets and it is your job to be sure all assets are accounted for and secured. If there are any death benefits the trust is entitled to, such as life insurance or retirement accounts, you need to review the beneficiaries of these assets to determine next steps. The transfer or collection of assets will require an original certified copy of the grantor's death certificate, so be sure you request enough copies of the death certificate in the previous step.

3. Notify Beneficiaries & Creditors.

You must notify the beneficiaries of your new role, provide your contact information, and let the beneficiaries know they are entitled to a copy of the trust. You should also work with the estate planning attorney to file a notice to creditors and prepare any deeds of real property. Some states have specific requirements on the timelines to notify the beneficiaries and creditors, so it is important to do the research to be sure you are following the federal and state law.



4. Pay Any Debts, Taxes, and Final Expenses.

As trustee, you will need to apply for a new tax ID number for the trust. After the Grantor's death, the trust becomes irrevocable and its own separate tax-paying entity, therefore any future income can no longer be filed under the grantor's social security number. If you are serving as executor of the decedent's estate, it will also be your responsibility to file a final tax return for the grantor. As trustee, you will need to pay of appropriate outstanding debts the grantor may have and facilitate payment of approved final expenses such as funeral, cremation, etc.

5. Distribute the Assets Per the Trust Document

Now that you have completed steps 1 through 4, your last step is to distribute the assets in accordance with the terms of the trust. Some trusts will distribute outright to beneficiaries after the administration is complete, while others stay in trust for many years. As trustee, you will need to make sure the grantor's wishes are followed and possibly make some tough decisions regarding discretionary distributions to the beneficiaries.

Once you understand these basic steps of trust administration you can move forward with confidence knowing the grantor's wishes will be honored. Never be afraid to reach out to the grantor's estate planning attorney, financial advisor, or accountant if you are stuck on any of the steps previously mentioned or have any questions.

Many do not wish to burden a friend or family member during a difficult time with these responsibilities and instead choose to name a professional corporate trustee as their successor trustee.

Your Nevada Trust Administrator

Premier Trust can serve as both an executor of a will, in Nevada, and a trustee of trusts from anywhere in the United States. To learn more about the benefits of naming a corporate trustee, send us an email at info@premiertrust.com or give us a call at 702-577-1777.