



Memorandum

Date: May 22, 2023
To: Joe Rinaldi
From: Domenic Procopio

Re: What to Ask When You Choose an Estate Trustee

When choosing an estate trustee, there are several important considerations to keep in mind. The following questions can help guide your decision-making process:

1. Does the potential trustee have the necessary financial expertise? It is crucial to assess the candidate's financial know-how since trustees are responsible for making financial decisions related to the assets held in trust. They may need to invest the trust's funds, manage business interests, or handle other complex financial matters. Consider their ability to handle such duties and evaluate their comfort working with financial professionals.
2. Should co-trustees be considered? In some cases, having co-trustees working unanimously can be beneficial for checks and balances. If the primary trustee lacks experience or has a weak skill set but maintains a close relationship with the family, a co-trustee—potentially a professional trustee—can help ensure sound decision-making. However, it's important to ensure that the co-trustees can work well together and avoid conflicts.
3. When should a professional trustee be hired? Hiring a professional trustee, such as a bank, trust company, or private professional trustee, may be necessary for certain situations. For instance, if the trust is expected to last for a long duration or if conflicts within the family are likely to arise, a professional trustee can provide expertise, continuity, and impartiality.
4. What type of professional trustee is suitable? Banks and trust companies are generally preferable for larger trusts, typically above \$5 million, due to their comprehensive trust administration services. They charge a percentage of the trust's overall value or a minimum fee. Private professional fiduciaries may be more suitable for trusts ranging from \$1 million to \$5 million. These professionals charge hourly rates and cover investment-management expenses through the trust.

Before finalizing the selection, it's essential to consider accessibility and the ability to establish a good working relationship with the chosen trustee or professional. Choosing the right estate trustee is a significant decision, and considering these factors can help ensure that the trustee is responsible, capable, and aligned with your goals and intentions for your estate.