

Responsibilities of a trustee

When someone is appointed as a trustee, it can seem like both an honorable responsibility and an overwhelming duty. Fulfilling a loved one's wishes in the manner required by law can be especially difficult during times of grief or hardship. As a trustee, it's important to understand the role's legal responsibilities and administrative requirements. Trustees should consult with their legal and tax professionals about the specific requirements of the trust.

Important duties of a trustee

Each trust is unique, and a trustee has numerous duties and obligations to uphold under the terms of the trust and applicable law. Though each state has its own requirements, these are some of the common duties that trustees are generally expected to carry out:

Maintain loyalty and avoid conflicts of interest

Manage the trust solely in the interests of its beneficiaries and avoid personal conflicts of interest.

Maintain impartiality

Treat all beneficiaries, including remainder beneficiaries, fairly and impartially.

Administer the trust according to its terms

Read, understand and carry out the terms of the trust document to the best of the trustee's ability.

Exercise reasonable care, skill and prudence

Use the same care and skill in administering the trust as a reasonable person would exercise when handling their own property.

Invest prudently

The trustee must act as a prudent investor and should generally invest in quality, diversified assets, considering the trust's expected duration, financial needs and risk tolerance, as well as beneficiaries' needs and tax liabilities.

Keep Beneficiaries Informed

Provide accurate and timely information to beneficiaries about the trust's assets, fees and expenses, investment performance, and any other information they may request or need to understand to protect their interests.

Provide complete accounting

Provide current beneficiaries with an accurate written accounting of the trust's assets, liabilities, disbursements and receipts. Trust accounting and disclosure requirements may vary by state.

Maintain confidentiality

Keep all matters concerning the trust confidential unless otherwise legally mandated. This includes protecting the privacy of the trust and its beneficiaries.

Record-keeping and accounting requirements

A trustee generally must provide an annual accounting of the trust's assets, liabilities, disbursements and receipts. In addition, the trustee is required to keep accurate legal, financial and operational records. Trustees should consult with their legal and tax professionals regarding their specific requirements under the trust agreement and applicable law. The following are types of documents that generally must be maintained by trustees:

Governing documents

This includes trusts, wills, disclaimers, powers of appointment, non-judicial settlement agreements, court orders, and written resignations and appointments of trustees.

Legal records

Legal counsel opinions and out-of-court agreements regarding administration/distribution/termination of the trust and trust compensation agreements.

Discretionary action records

Documentation of discretionary actions taken, investment decisions, selection/change of advisors and adjustments between principal and income.

Financial records

Includes asset and transaction statements (e.g., bank and brokerage statements), deed or certificate, real estate paperwork and appraisal of any nonfinancial asset.

Accountings

Comprehensive accounting of trust assets and transactions separated into principal and income.

Tax returns

Includes income, gift, estate, real estate, employment, tax receipts and tax basis.

Beneficiary information

Includes names, Social Security numbers, addresses, telephone numbers and all communications sent or received by the trustee.

If you serve as trustee and need help fulfilling your duties, contact your Edward Jones financial advisor. They can work with you and your legal and tax professionals to determine whether Edward Jones Trust Company can assist you.

As a professional trustee, Edward Jones Trust Company offers experienced trust administration and asset management. Therefore, you will be served not only by a team of trust professionals but also by the people you've come to know at your local branch.

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