

What Is a Trustee?

A trustee is a person or firm that holds and administers property or assets for the benefit of a third party. A trustee may be appointed for a wide variety of purposes, such as in the case of bankruptcy, for a charity, for a trust fund, or for certain types of retirement plans or pensions. Trustees are trusted to make decisions in the beneficiary's best interests and often have a fiduciary responsibility to the trust beneficiaries.

Understanding Trustee

A trustee is any type of person or organization that holds the legal title of an asset or group of assets for another person, referred to as the beneficiary. A trustee is granted this type of legal title through a trust, which is an agreement between two consenting parties.

A trustee is thus responsible for the proper management of all property and other assets owned by the trust for the benefit of a beneficiary. A trustee's specific duties are unique to the agreement of the trust and are dictated by the type of assets being held in trust. If, for example, a trust is comprised of various real estate properties, it will be the trustee's duty to oversee those pieces of land. Trustees are also required to financially manage and oversee accounts within a trust when it is made up of other investments

Our Considerations

All trustees have general guidelines and responsibilities, regardless of the specificity of the trust agreement. All assets must be confirmed as safe and under the control of the trustee. This includes understanding the potentially unique terms of the trust and the desires of the beneficiaries. Any investable assets have to be considered productive for the future benefit of the beneficiaries.

Trustees must interpret and understand the trust agreement and be able to administer the distribution of any trust assets to the proper parties or beneficiaries. They are also required to prepare any and all records on behalf of the trust, including statements and tax returns. Trustees are expected to communicate with beneficiaries on a regular basis and keep them informed on the associated accounts and taxes.

Finally, all trustees are considered the decision-makers for all matters of the trust and make those decisions based on the provisions outlined in the trust agreement. These matters include finding answers to any questions that beneficiaries may have prior to making the decision.