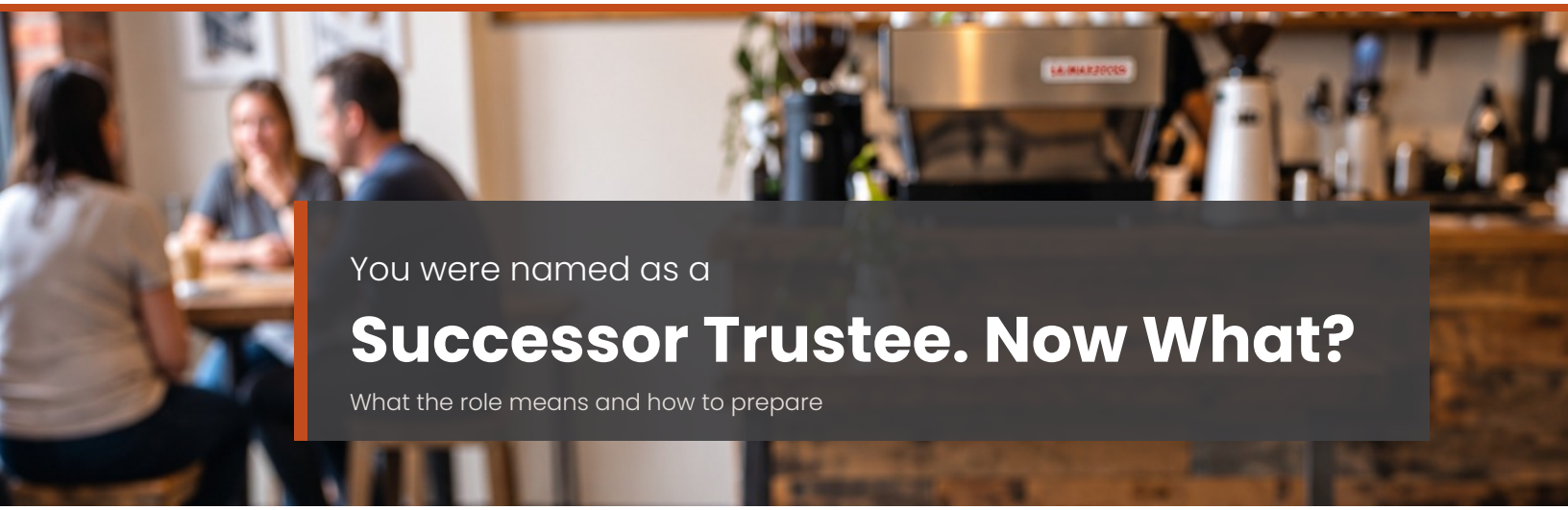


You were named as a

Successor Trustee. Now What?

What the role means and how to prepare

Someone close to you has named you as successor trustee of their revocable living trust. Being named is a meaningful expression of trust. It means someone looked carefully at the people in their life and chose you for a role that matters to them. It is also a responsibility worth understanding well before it is ever needed.

This guide explains what the role involves, the choices available to you, and a few practical steps you can take now so you are prepared if you are ever asked to serve.

> **If you were named as an alternate successor trustee,** you would be asked to serve only if the first-choice successor trustee is unable or unwilling to do so. The guidance below still applies, and a conversation with the family now is just as valuable.

What is a revocable living trust?

Like a will, a revocable living trust provides instructions for how its creator, known as the grantor, wants property distributed after they pass away. The trust holds property the grantor has placed in it and is usually managed at first by the grantor, who serves as the initial trustee.

What is a successor trustee?

A successor trustee takes over management of the trust when the grantor passes away or becomes incapacitated and can no longer manage it. The grantor's instructions, along with the successor trustee's powers and responsibilities, are set out in the trust document, often called the declaration of trust or trust agreement.

Above all, a trustee is a fiduciary. You must manage the trust for the benefit of its beneficiaries, not for your own benefit unless the trust specifically allows it. Trustees are generally reimbursed from the trust for reasonable expenses, including legal and professional advice, and it is usually wise to work with an estate planning attorney to understand exactly what your situation requires.

If the grantor has passed away

Your main job is to settle the trust by distributing its property according to the grantor's instructions, while protecting that property until distributions are complete. Typical steps include:

- Letting family and beneficiaries know you are serving as successor trustee, and providing copies of the trust to beneficiaries as required
- Obtaining certified copies of the death certificate to establish your authority
- Identifying, securing, and valuing the property held in the trust
- Notifying banks and financial institutions, as well as Social Security, insurers, and retirement plans
- Coordinating with the executor of the will to pay valid bills and taxes, and to move any property passing under a pour-over will into the trust
- Closing accounts that are no longer needed while keeping insurance and utilities active to protect assets
- Distributing property to beneficiaries, carrying out specific gifts first and then dividing what remains

If the grantor is living but incapacitated

The trust will typically direct you to use trust property for the grantor's care and comfort, and sometimes to support their family. Typical steps include:

- Informing family members that you are serving as successor trustee
- Securing trust property and gaining access to trust accounts
- Applying for any disability benefits the grantor may be entitled to
- Coordinating with the grantor's agents under financial and health care powers of attorney
- Keeping records and receipts for every bill paid and expense incurred

Managing the investments

Trustees are generally held to the prudent investor standard, which means investing with the beneficiaries' needs and time horizon in mind. Some trusts are settled within months. Others continue for years or even across generations, and for those, how the assets are invested can shape what the family ultimately receives. A fiduciary advisor can help you meet this standard with confidence.

Do I have to serve as successor trustee?

No. Being nominated does not obligate you to serve. If you decline, the next alternate named in the trust will have the opportunity to serve, and the trust should explain how a replacement is chosen if no alternate is available. If you already know you would not want to serve, let the grantor know now. Even after accepting, you are generally not required to serve indefinitely. The trust will explain how you can step down.

What should I do now?

- **Talk with the grantor** about their wishes and expectations for the trust.
- **Ask where the original trust document is kept** so you can locate it when needed.
- **Learn who is on their team,** including their attorney, tax preparer, and financial advisor.

Let's plan for the next generation together

Helping families prepare for what comes next, across generations, is at the heart of our work. Whether you would like to talk through what this role could mean for you or you are ready to put your own plan in order, we would be glad to help.

Call 541-228-9924 **Email** nate@nwadvisory.com
Schedule a conversation Book an introductory call

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