

An Honor or a Burden?

Three questions to ask before agreeing to the potentially thorny role of executor or trustee.

When Marcus Baker's* grandfather asked him to be executor of his will and a successor trustee of his trust, Marcus didn't hesitate. The two had long confided in each other about various investment opportunities, and because Marcus worked in the financial services industry, he felt well-equipped to manage the trust's assets.

When his grandfather passed away, however, Marcus discovered that the trust's structure and the estate itself were far more complex than he had anticipated. "When someone asks you to take on that role, it's an honor and a sign of trust," he says. "But it can also be a burden." Indeed, fulfilling his duties eventually brought Marcus into conflict with other family members, leading to a lawsuit that stretched on for years.

Family members are frequently asked to serve as an executor or a trustee because of their presumed

familiarity with an individual's wishes and the beneficiaries involved. But the flip side of this intimacy comes when an executor faces demands from competing heirs. These conflicts can strain family relationships and even spill over into legal battles. And by definition they come during the most trying of times: in the wake of a loved one's death.

"Money conversations can be especially difficult when you're grieving," says Tanya Simpson, a managing director of trust services consulting at Charles Schwab Trust Company. "Even under the best of circumstances, it's like putting those family relationships into a pressure cooker and turning up the heat."

If you're asked to be an executor or a trustee, it's worth weighing the responsibilities before agreeing to shoulder them. Here are some things to consider. ▶

*Name and details have been changed to maintain confidentiality.





What's required

A will's executor is responsible for settling an estate and managing its affairs, including probate court requirements and tax returns. A trustee acts as a legal owner of a trust's assets, handling administrative duties such as taxes and record-keeping, managing its investments, and often distributing assets to various beneficiaries according to the dictates of the trust. Trusts in particular can be complex and involve oversight that can continue for years.

"I used to think anyone could succeed as an executor or a trustee," says Bob Barth, a wealth strategist in Orlando who joined Schwab after a career as an estate attorney. "However, as the complexities of estate planning, tax law and trusts have evolved, I've come to the reluctant conclusion that it can be very difficult for nonprofessionals to manage on their own."

For these reasons, Bob and Tanya suggest asking yourself three questions before deciding whether to serve as executor or trustee.

1 Do I have the time?

Seeing an estate through to its conclusion can be a substantial time commitment. Not only must the executor handle probate—the potentially lengthy legal process of validating a last will and testament—but he or she must also pay any outstanding debts and disburse the estate's assets to its beneficiaries, among other administrative tasks. And that's just for relatively straightforward estates. If the will is contested or the estate is subject to tax, it can take much longer to tie up loose ends.

Serving as the trustee of a trust can be even more daunting, especially if you're simultaneously working, raising children and/or caring for elderly loved ones. "If the trust is complex, administering it can become a full-time job," Tanya says. Not only that, but it's a role that can last for years or even decades, especially in the case of special needs or lifetime trusts, both of which can persist until the death of their beneficiaries.

2 Do I have the expertise?

A trustee will need to draw on a variety of skills, potentially requiring accounting, investment, legal and tax expertise. Of course, trustees can hire professionals with these skills, but overseeing such a team often requires enough familiarity with these fields to make

sound decisions. This is especially true when an estate's assets include alternative investments, closely held businesses, rental properties or other unwieldy assets.

3 Do I have the temperament?

The trickiest part of managing a will or trust can be working with its beneficiaries. In the event of disharmony, this can require not just fortitude and sound judgment but also empathy and patience. For example, a trust may spell out how distributions will be made, but translating that legal language into the real-life needs of beneficiaries can be a delicate and emotionally taxing job. "A trust isn't just about managing money, it's about distributing money," Bob says. "In some cases, beneficiaries' livelihoods are on the line, and that can put enormous pressure on the executor or trustee."

Reaching out

Before agreeing to act as an executor or a trustee, let the trust owner know you'd first like to speak with an attorney or a financial consultant to better understand what the role might entail. "That's not a rude response—it's a practical response," Bob says. "And it can give you an out if necessary."

You might also suggest appointing a co-executor or co-trustee with whom to share the load. With trusts in particular, divvying up the responsibilities with another party—whether an individual or a corporate trustee—can make the long-term nature of the role less daunting.

"Working with a neutral third party, in particular, can help alleviate potential conflicts," Tanya says (see "Trusts at Schwab," left).

Of course, hiring a professional to act as a co-trustee is an additional expense, so be sure to weigh the costs and benefits against the size and complexity of the estate before making a decision. "That said, the fees associated with professional trust management may be money well spent if it helps ensure proper administration of the decedent's assets," Bob says.

Whatever your decision, reading the will or trust documents—and asking plenty of questions ahead of time—will help give you a clear idea of what's in store. Such conversations may seem awkward or difficult in the moment, but they can be essential in avoiding headaches down the road. "These are tough subjects," Marcus says. "But I can tell you it's way worse if you haven't discussed them up front." ■

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