



## How to Choose a Trustee: Why the obvious choice may not be a wise choice

By Dennis Eslick, ChFC Eslick Financial Group, Inc. March 2012

One of the most important estate planning decisions is that of selecting a trustee or executor. The choice can be a game changer for how your heirs live with and execute your decisions. However, too often the selection is made without the benefit of talking through the potential pitfalls or consequences.

### **Common pitfalls to avoid**

Many families select the oldest adult child as their power of attorney during life and trustee and executor at death. While a strong family bond may exist with first-born children, it doesn't automatically make them the best fit. It's important to consider their adult history with regards to decision making. How do they handle their own medical and financial life? How do they behave in business or with family obligations? Do they have a track record of making consistent decisions and being accountable?

### **What to look for in a trustee**

The person should have the affinity, desire and experience to step into the role. They'll need the capacity or training to understand complex legal, financial and investment situations. Alternatively, they need to be able to discern who to hire for help and when. This includes having a track record of making sound financial decisions and generally being well organized with their own affairs. Ideally, your trustee will have the capacity to think like you and make judgment calls in the manner you would for yourself. They should be aligned with your value system and able to objectively make decisions from your vantage point; as if standing in your shoes.

### **Sustaining relationships requires eliminating surprises**

A family trustee can easily become doused in negativity from other family members. It's crucial to consider whether the selected person can handle conflict, and truly wants the role. Ideally, it's best to eliminate the element of surprise for everyone involved by communicating your plans in advance. On the medical side, this involves documenting and communicating your Advanced Directives – specific decision making guidelines to follow should you be unable to make decisions for yourself.

With regards to the role of trustee and executor, all family members should understand not only your choices, but the reason you made the choices. They should understand the context for your estate decisions – hearing it directly from you so they can air their questions and listen to your thinking. The family member(s) chosen for leadership roles should understand why they were selected. Likewise, siblings or other heirs should understand this too. That way, you can set the stage for the selected individual(s) to succeed in their leadership role(s).

### **Beyond the legalities**

Finally, it is important to transition all of your decisions in context of your vision for the use of your wealth. Develop a Family Mission Statement and share it with all heirs. Ensure they understand your philosophy and expectations for the family wealth going forward. Ensure they receive the training they need to be effective stewards of both your vision and your financial resources.

*As always, please feel free to call with any questions regarding this or other important topics.*