

Legacy 102: Lessons Learned in Trust and Estate Administration

March 14, 2024



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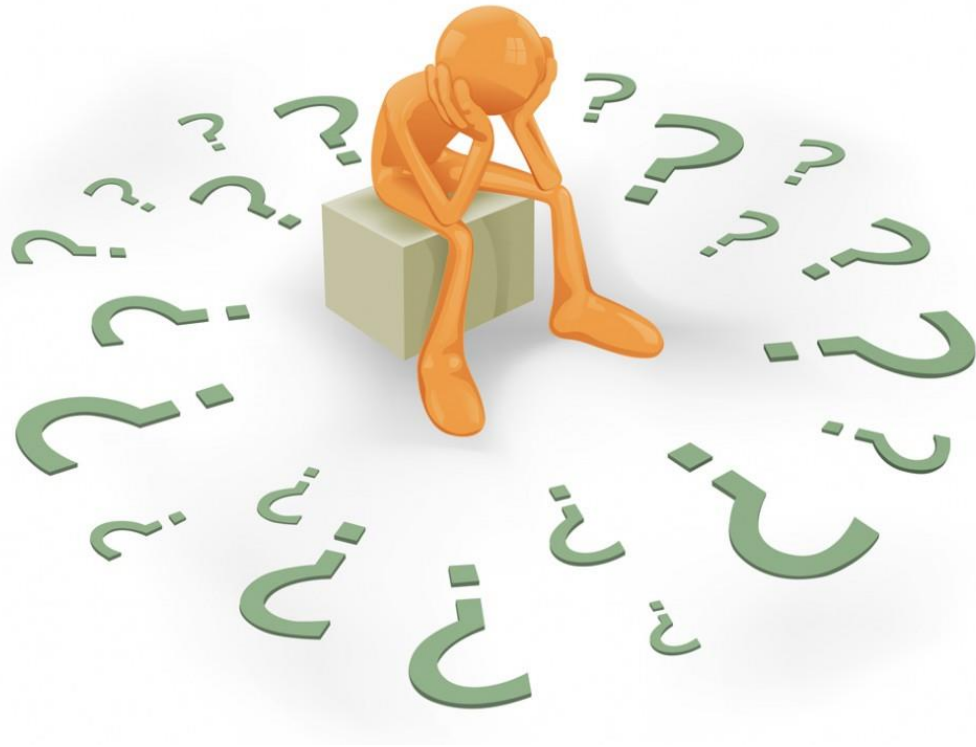
Agenda

1. Starting point:
 - * Estate plan executed and what happens when you die
 - * Named Successor Trustee
2. Role & Responsibility of Trustee
3. Common Pitfalls/Lessons Learned
 - * Naming a trustee
 - * Document safekeeping
 - * Funding
 - * Review & update
 - * Identifiable beneficiary
4. Questions & Answers



Role & Responsibility of Trustee

Where do I start?



What does it mean to be a trustee?

- Act responsibly and prudently in carrying out the purpose and intent of the trust.
- Follow rules & established standards of conduct.



HAWAI'I COMMUNITY FOUNDATION

Special Skills & Knowledge



FIDUCIARY



INVESTMENT



BUSINESS



TAX

Steps in Trust Administration

1. Collect & review all documents, including the Trust
2. Inventory, custody, and collect assets
3. Notify beneficiaries & Creditors
4. Pay debts, taxes, and final expenses
5. Distribute the assets per the Trust Document

Lessons Learned / Common Pitfalls

Lesson Learned #1: Selecting the Right Trustee

What are my options?

Family or friend

Professional
Fiduciaries or
Attorneys

Corporate Trust
Companies/Banks

Six things to consider in making your choice:



Cost



Time available to do the work



Ability to make difficult decisions



Recordkeeping



Acceptance of liability



Remember: You are dealing with people and money

Trustee Fees



Published fee schedule or HRS Section 607-18

- Inception or transfer fee
- Ongoing administration fee
- Income fee
- Termination or transfer fee

Option 1: Family

1. You know your family dynamics
2. Will this save money? Maybe
3. The work of the trustee takes **time**
4. If the trustee already has a full-time job, it can be very challenging
5. Communication
6. As adults, have your children ever worked together on something?



Option 2: Professional Trustee or attorneys



Trust administration is their work

Impartial – No favoritism

Fees may be higher than family

They have a professional network

Professionals care about doing a good job

Option 3: Bank Trust Department

- Large company backing them up
- Experience & expertise
- Impartial – No favoritism
- Unbiased
- Fees are usually higher
- Remember: The bank may not accept the appointment as your trustee



Lesson Learned #2: Where are your estate planning documents?

Do:

- Safe deposit box
- Safe place at home
- Attorney



Don't

- Freezer wrapped in tin foil
- Magazines
- Under the bed



Lesson Learned #3: Failing to Fund your Trust

- Checking account
- Real property
- Personal property



Lesson Learned #3 (Continued): Retirement Assets



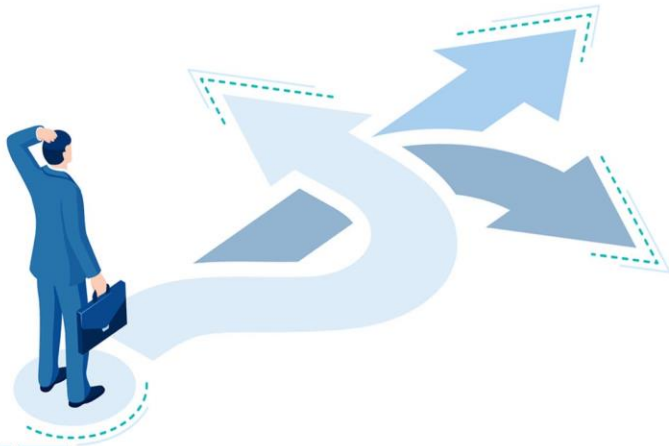
Retirement

- * Double taxed (estate and income tax)
- * Stretch IRA is no longer allowed – entire IRA distributed by the 10th anniversary of the participant's death
 - Name a charity
 - Naming a trust

Lesson Learned #4: Failing to Regularly Review & Update Trust



**CHANGE
IS THE
ONLY
CONSTANT**



- Change:
 - * Changing relationships
 - * Changing assets
 - * Changing laws
- Update information with advisor

Lesson Learned #5: Correct Beneficiary Name

- People
- Charity
 - * EIN
 - * Local or National





- Role of Trustee is a JOB
- Trustee options:
 - Friends or family
 - Professional fiduciary
 - Bank Trust Department
- Lessons learned

QUESTIONS?

Mahalo Nui Loa!