FOR ADVISORS AND THEIR CLIENTS

A Guide for Successor Trustees

What to do when you are called to act as trustee due to a loved one's death or incapacity. A step-by-step reference for families and the advisors who support them.

ABOUT THIS GUIDE

This guide is an informational resource and is not a substitute for legal, tax, or financial advice. Trust administration involves state-specific laws, tax rules, and fiduciary obligations that require professional guidance. Consult with an attorney and tax advisor before taking action on the matters described in this guide.

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Before You Begin

If you are reading this, someone has named you as the successor trustee of their revocable living trust. That means you have been asked to step in and manage or distribute the trust's assets when the original trustee can no longer serve, whether because of death or incapacity.

This is a significant responsibility, but it is not one you need to carry alone. Your financial advisor can help coordinate the process, and attorneys, accountants, and other professionals can be brought in for specific tasks. This guide is designed to walk you through what needs to happen, in what order, and when to seek additional help.

Most of the work ahead is administrative. It follows a predictable sequence, and very little of it is urgent in the first few days. Take time to read the trust document carefully before taking any action. Understand what the trust says before deciding what to do.

> **A note about timing.** The timelines in this guide are approximate. Some steps have legal deadlines that vary by state. Others are simply practical recommendations. Your advisor and attorney can help identify which deadlines apply in your situation. When in doubt, address notification requirements first, as those tend to have the shortest windows.

Two Scenarios: Death and Incapacity

The successor trustee role activates in two very different circumstances, and the responsibilities differ depending on which one applies.

	GRANTOR HAS DIED	GRANTOR IS INCAPACITATED
Your role	Settle the trust: pay debts and taxes, then distribute assets to beneficiaries	Manage the trust: maintain assets and use them for the grantor's care and benefit
Duration	Temporary. Ends when all assets are distributed and the trust is closed	Ongoing. Continues as long as the grantor is incapacitated, or until a court or the trust document ends the arrangement
Goal	Wind down the trust according to its terms	Preserve and manage assets for the grantor's benefit

	GRANTOR HAS DIED	GRANTOR IS INCAPACITATED
Distributions	To beneficiaries, per the trust terms, after debts and taxes are resolved	Only for the grantor's care, support, and maintenance, as the trust allows
Tax filing	Trust needs its own EIN. Final personal return and trust return (Form 1041) required	Trust continues to use the grantor's Social Security number. No separate trust return while grantor is living

This guide covers both scenarios. Sections that apply only to death or only to incapacity are clearly marked.

The First 48 Hours

Very little is legally required in the first two days. The goal is to stabilize the situation, not to resolve it. Focus on the people first, then the paperwork.

If the grantor has died

- [ ] Take a breath. Grieve. The administrative work can wait a few days.
- [ ] Locate the original trust document, all amendments, and any letter of instruction.
- [ ] Order certified copies of the death certificate. Request at least 10 to 15 copies from the funeral home or county vital records office. Financial institutions, insurers, and government agencies will each require an original certified copy.
- [ ] Secure the grantor's home and property. If the home will be unoccupied, check that doors and windows are locked, adjust thermostats to prevent damage, hold mail delivery, and confirm that homeowner's insurance remains in effect.
- [ ] Safeguard valuables. Identify jewelry, cash, collectibles, and important documents. Do not distribute any personal property yet.
- [ ] Contact the grantor's financial advisor. The advisor can help coordinate the next steps and provide context about the trust, its assets, and its structure.
- [ ] Notify close family members informally. Formal legal notification will come later, but immediate family should be told as a matter of care, not procedure.

If the grantor is incapacitated

- [ ] Locate the original trust document, all amendments, and any durable power of attorney or advance healthcare directive.
- [ ] Determine who holds the healthcare power of attorney. That person makes medical decisions. The successor trustee manages finances and property.
- [ ] Obtain medical documentation of the incapacity. The trust document specifies what is required, typically a written statement from one or two physicians that the grantor is unable to manage their own affairs.
- [ ] Secure the grantor's home and property if they will be absent for an extended period.
- [ ] Contact the grantor's financial advisor. The advisor can help assess the trust's assets and set up a plan for ongoing management.
- [ ] Review the trust's provisions for incapacity. The trust may specify how funds should be used for the grantor's care, who should be notified, and what authority the successor trustee has.
- [ ] Identify immediate financial obligations. Mortgage payments, utility bills, insurance premiums, and medical expenses should continue without interruption.

> **Power of attorney vs. successor trustee.** These are separate roles that can overlap. The power of attorney agent handles matters outside the trust: bank accounts in the grantor's individual name, tax filings, government benefits, medical decisions (if also named as healthcare agent). The successor trustee manages only the assets held inside the trust. If you hold both roles, keep careful records of which capacity you are acting in for each transaction.

The First 30 Days

Once the immediate situation is stable, the administrative work begins. The tasks below apply mostly to the death scenario unless noted otherwise.

ESTABLISH YOUR AUTHORITY

- [ ] Read the trust document thoroughly. Understand the distribution instructions, any conditions or restrictions, who the beneficiaries are, and whether the trust continues after the grantor's death or terminates.
- [ ] Prepare a Certification of Trust. This is a summary document that proves your authority as trustee without disclosing the full trust terms. Most financial institutions and title companies accept this in place of the full trust document. Your attorney can prepare one.

- [ ] Obtain an Employer Identification Number (EIN) for the trust from the IRS. Death scenario only. This is required because the trust can no longer use the grantor's Social Security number. Apply online at irs.gov or by mail using Form SS-4. This takes minutes online.
- [ ] Open a trust checking account at a bank. Death scenario only. Use the new EIN. This account will be used to pay trust expenses, receive income on trust assets, and eventually fund distributions. Keep this account separate from your personal accounts.

NOTIFY BENEFICIARIES AND INTERESTED PARTIES

- [ ] Send formal written notice to all beneficiaries named in the trust. Most states require this within 30 to 60 days of the trustee assuming office. The notice should identify the trust, confirm your role as trustee, and inform beneficiaries of their right to request a copy of relevant trust provisions.
- [ ] File the grantor's will (including any pour-over will) with the local probate court. Even when a trust avoids probate, most states require the original will to be filed after death. This does not open a probate proceeding; it is a filing requirement.
- [ ] Notify the Social Security Administration of the death.
- [ ] Notify the grantor's employer or pension plan administrator, if applicable.
- [ ] Notify life insurance carriers and request claim forms.
- [ ] Redirect the grantor's mail to ensure nothing is missed.

> **State-specific notification deadlines.** Notification requirements vary significantly by state. Michigan does not have a mandatory statutory notice period for revocable trust beneficiaries, though best practice is to notify promptly. Florida requires the trustee to serve a Notice of Trust on all qualified beneficiaries within 60 days of learning the trust is irrevocable (typically at the grantor's death). Your attorney should confirm the requirements for your state.

INVENTORY TRUST ASSETS

- [ ] Prepare a complete inventory of every asset the trust owns. Include financial accounts, real estate, business interests, vehicles, personal property, and digital assets.
- [ ] Determine the date-of-death value for each asset. Death scenario only. This establishes the cost basis for tax purposes and documents the estate's value. Financial institutions can provide date-of-death statements. Real estate and business interests may require appraisals.
- [ ] Identify assets that are not in the trust. Any assets titled in the grantor's individual name, rather than in the name of the trust, may need to pass through probate or through a pour-over will before the trustee can manage them.

- [ ] Identify all debts. Gather mortgage statements, credit card statements, medical bills, utility bills, and any other outstanding obligations.

Months One Through Six

The middle phase of trust administration involves managing assets, resolving debts, and addressing tax obligations. This is typically the most time-intensive period.

MANAGE AND PROTECT TRUST ASSETS

- [ ] Maintain insurance on all trust property. Homeowner's policies, auto insurance, and any liability coverage should remain in effect throughout administration.
- [ ] Continue paying recurring obligations from the trust checking account. Mortgage payments, property taxes, utilities, and insurance premiums should not lapse.
- [ ] Manage investments prudently. As trustee, you have a fiduciary duty to invest and manage trust assets with reasonable care. This does not mean you must be an investment expert, but you should not make speculative changes or leave significant assets uninvested. Your financial advisor can help ensure the portfolio is appropriate for the administration period.
- [ ] Obtain appraisals for real estate, business interests, and valuable personal property. Death scenario only. Professional appraisals establish fair market value as of the date of death. This is critical for tax purposes and for equitable distribution among beneficiaries.

RESOLVE DEBTS AND EXPENSES

- [ ] Pay the grantor's legitimate debts from trust assets. Funeral expenses, final medical bills, outstanding taxes, credit card balances, and mortgage obligations are typically paid before any distributions to beneficiaries.
- [ ] Determine whether a creditor notice is required. Some states allow or require the trustee to publish a notice to creditors, which starts a deadline for claims. This can shorten the period during which creditors can make claims against the trust. In Florida, a trustee may publish a Notice to Creditors to trigger a 3-month claims period. Michigan does not have a specific trust creditor notice statute, but probate creditor notice rules may apply if a pour-over will is probated.
- [ ] Do not distribute assets to beneficiaries until all known debts are resolved or adequately reserved for. Distributing assets prematurely can expose you to personal liability if the trust cannot later pay its obligations.

ADDRESS TAX OBLIGATIONS

- ☐ File the grantor's final personal income tax return (Form 1040). Death scenario only. This covers January 1 through the date of death. A surviving spouse may file a joint return for the year of death.
- ☐ File a trust income tax return (Form 1041) for any income earned by the trust after the date of death. Death scenario only. The trust's EIN is used on this return. Distributions to beneficiaries are generally deductible by the trust and reported as income by the beneficiary.
- ☐ Determine whether a federal estate tax return (Form 706) is required. Death scenario only. For 2026, a federal estate tax return is required if the gross estate exceeds the applicable exemption amount. Your tax advisor can determine whether a return is necessary and whether portability of the unused exemption should be elected for a surviving spouse.
- ☐ Determine whether a state estate or inheritance tax applies. Some states impose estate or inheritance taxes at thresholds lower than the federal exemption. Michigan does not have a state estate tax. Florida does not have a state estate tax.

> **Tax deadlines.** The final personal income tax return is due April 15 of the year following the grantor's death (or October 15 with an extension). The trust income tax return (Form 1041) is due April 15 of the year following the trust's tax year. The federal estate tax return (Form 706), if required, is due nine months after the date of death, with a six-month extension available. Work with a CPA or tax attorney to ensure all deadlines are met.

Distribution and Closing

Once debts are paid, taxes are filed, and all claims periods have expired, the trust assets can be distributed to the beneficiaries and the trust can be closed.

PREPARE A TRUST ACCOUNTING

- ☐ Prepare a formal accounting of all trust activity. This should include every asset received, every payment made, every item of income earned, and the proposed distributions. Beneficiaries have a right to this information.
- ☐ Include date-of-death asset values, gains or losses during administration, expenses paid, trustee compensation taken (if any), and the final balance available for distribution.
- ☐ Provide the accounting to all beneficiaries before making final distributions. Allow a reasonable period for review and questions.

DISTRIBUTE ASSETS

- [ ] Distribute assets according to the trust terms. Follow the instructions in the trust document precisely. If the trust specifies dollar amounts, distribute those amounts. If it specifies percentages or specific assets to specific beneficiaries, follow those instructions exactly.
- [ ] Transfer real property by deed. If the trust owns real estate that is being distributed to a beneficiary, a new deed must be prepared and recorded with the county transferring title from the trustee to the beneficiary.
- [ ] Transfer financial accounts by re-titling or liquidating. Brokerage accounts, bank accounts, and other financial assets can either be re-titled in the beneficiary's name or liquidated and distributed as cash, depending on the trust terms and the beneficiary's preference.
- [ ] Obtain receipts and releases from each beneficiary. A signed receipt confirms that the beneficiary received their distribution. A release provides the trustee with protection against future claims related to the administration. These are not always legally required, but they are strongly recommended.

CLOSE THE TRUST

- [ ] Close all trust accounts once final distributions are made.
- [ ] Send a final notice to beneficiaries confirming that the trust administration is complete.
- [ ] Archive all records. Keep copies of the trust document, all amendments, the accounting, tax returns, correspondence, receipts, and releases. Retain these records for at least seven years, and longer if any tax or legal issues remain unresolved.
- [ ] Cancel the trust's EIN with the IRS by sending a letter to the IRS service center where the trust's final return was filed.

> **Trustee compensation.** As trustee, you may be entitled to reasonable compensation for your time and effort. The trust document may specify a compensation arrangement. If it does not, state law generally allows reasonable fees. If you are also a beneficiary, consider whether taking compensation is appropriate given the family dynamics. Compensation is taxable income to the trustee and deductible by the trust. Discuss this with your tax advisor before taking any fees.

Special Situations

Unfunded or partially funded trusts

It is common to discover that some assets were never transferred into the trust. A bank account may still be titled in the grantor's individual name. A recently purchased property may not have been deeded to the trust. In these cases, the trust cannot directly control those assets.

If the grantor had a pour-over will, that will directs any assets in the individual estate into the trust upon death. However, those assets must first pass through probate before they reach the trust. This can add time and expense to the process. If there is no pour-over will, individually titled assets may pass under the state's intestacy laws rather than the trust terms.

Work with your attorney to identify unfunded assets and determine the most efficient path to resolve them. In some cases, financial institutions will work with the trustee informally. In others, a probate proceeding may be necessary.

Digital assets

The grantor may have held cryptocurrency, managed online business accounts, maintained social media profiles, stored files in cloud services, or held funds in digital payment platforms. These assets require specific steps to access and manage.

Look for a digital asset inventory, password manager, or written instructions among the grantor's personal documents. If no inventory exists, review the grantor's email accounts, browser bookmarks, and financial statements for clues about digital accounts. Under the Revised Uniform Fiduciary Access to Digital Assets Act (RUFADAA), adopted in most states, a trustee may have the right to access certain digital assets, but platform-specific procedures apply. Contact each provider directly for their process.

Real estate in multiple states

If the trust owns property in more than one state, each property is governed by the laws of the state where it is located. You may need to work with attorneys in each state to transfer or sell the property. Fortunately, real property held in a trust does not typically require ancillary probate, which is one of the key advantages of trust-based planning.

Business interests

If the trust holds an interest in a business, review the entity's operating agreement, partnership agreement, or bylaws for provisions that apply upon the owner's death or incapacity. There may be buy-sell provisions, restrictions on transfer, or management succession terms that affect what the trustee can do. Engaging the company's legal counsel or accountant early is advisable.

Blended families

When the grantor's family includes children from a prior relationship, a surviving spouse, and step-children, the trust may contain provisions that balance competing interests, such as a life estate for the surviving spouse with remainder to the children. As trustee, your obligation is to the trust terms, not to any one beneficiary's preferences. If disputes arise, seek guidance from an attorney before making any distributions.

Common Mistakes to Avoid

Most trustee errors are not the result of bad intentions. They come from acting too quickly, not understanding the rules, or failing to keep proper records. The following are the most frequent mistakes made by first-time successor trustees.

1. Distributing assets before debts and taxes are resolved. If the trust lacks funds to pay obligations after distributions have been made, the trustee may be personally liable for the shortfall.
2. Co-mingling trust funds with personal funds. Trust assets must be kept in accounts titled to the trust. Never deposit trust funds into a personal account or use personal funds for trust expenses without documenting a reimbursement.
3. Failing to notify beneficiaries. Beneficiaries have legal rights to information about the trust. Delayed or inadequate notice can create legal exposure and erode family trust.
4. Making investment changes without understanding fiduciary duty. A trustee must invest prudently. This does not mean being passive, but it does mean avoiding speculative or self-serving decisions. Document the reasoning behind any investment changes.
5. Ignoring unfunded assets. If an asset was not properly titled in the trust, it does not disappear. It may require probate or other action. Identify and address these early.
6. Treating all beneficiaries the same when the trust says otherwise. The trust terms control. If the trust makes unequal distributions or places conditions on distributions, the trustee must follow those instructions regardless of personal opinions about fairness.
7. Failing to keep records. Every payment, every decision, every communication should be documented. A trustee who cannot show what happened during administration is in a weak position if challenged.

8. Delaying action indefinitely. While rushing is dangerous, so is inaction. Tax deadlines, creditor claim periods, and beneficiary patience all have limits. Establish a timeline and work through it steadily.
9. Acting without reading the trust. The trust document is the trustee's instruction manual. Many mistakes result from assumptions about what the trust says rather than careful reading of what it actually says.
10. Trying to do everything alone. The trustee is a coordinator, not a solo practitioner. Attorneys handle legal filings, CPAs handle tax returns, financial advisors manage investments, and appraisers establish values. Delegating to qualified professionals is not a sign of weakness; it is a sign of competence.

When to Call a Professional

PROFESSIONAL	WHEN TO ENGAGE
Attorney	Trust interpretation questions, beneficiary disputes, creditor claims, real estate transfers, pour-over will probate, state-specific notification requirements
CPA / Tax Advisor	Final income tax return, trust income tax return (Form 1041), estate tax return (Form 706) if applicable, EIN application, beneficiary tax reporting
Financial Advisor	Investment management during administration, date-of-death valuations, beneficiary account setup, coordination of asset transfers, overall administration timeline
Appraiser	Real estate, business interests, jewelry, art, collectibles, or any asset requiring a formal fair market value determination
Insurance Agent	Life insurance claims, maintaining property and casualty coverage during administration, beneficiary changes on surviving policies

Glossary of Trust Terms

Estate planning uses specialized language. The following definitions cover terms that appear throughout this guide and in most trust documents.

Beneficiary

A person or entity designated to receive assets or income from the trust. A trust may have current beneficiaries (who receive distributions now) and remainder beneficiaries (who receive what is left after the current beneficiaries' interests end).

Certification of Trust

A summary document that confirms the trust's existence, identifies the trustee, and describes the trustee's powers without disclosing the full terms of the trust. Also called a trust certificate or abstract of trust.

EIN (Employer Identification Number)

A tax identification number issued by the IRS to the trust. Required when the trust becomes irrevocable (typically at the grantor's death) and can no longer use the grantor's Social Security number.

Fiduciary Duty

The legal obligation to act in the best interests of the beneficiaries, with loyalty, prudence, and impartiality. A trustee who breaches fiduciary duty may be held personally liable.

Grantor

The person who created the trust. Also called the trustor or settlor. In a revocable living trust, the grantor is typically also the original trustee and primary beneficiary during their lifetime.

Irrevocable Trust

A trust that cannot be amended or revoked. A revocable living trust becomes irrevocable upon the grantor's death.

Pour-Over Will

A will that directs any assets in the grantor's individual name (not in the trust) to be transferred into the trust upon death. These assets must pass through probate before reaching the trust.

Prudent Investor Rule

A legal standard requiring trustees to invest and manage trust assets as a prudent person would, considering the purposes, terms, and distribution requirements of the trust. It does not require perfection, but it does require reasonable care.

Revocable Living Trust

A trust created during the grantor's lifetime that can be amended or revoked at any time while the grantor is living and competent. The primary purpose is to avoid probate and provide for management of assets in the event of incapacity.

Successor Trustee

The person or institution named in the trust document to serve as trustee when the original trustee can no longer serve, due to death, incapacity, or resignation.

Trust Accounting

A formal report prepared by the trustee showing all assets received, income earned, expenses paid, and distributions made during the administration period. Beneficiaries are generally entitled to receive this report.

Trust Administration

The process of managing and distributing trust assets according to the trust terms after the grantor's death or incapacity. This includes asset management, debt payment, tax compliance, and distribution to beneficiaries.
