

How to Pick a Fiduciary

Part of estate planning requires you to select and name several fiduciaries. What is a fiduciary? A fiduciary is someone whose role requires them to act in the best interest of another. In your estate plan, you'll have at least four fiduciaries to name and there could be more depending upon the complexities of your estate.

A medical power of attorney will act in your best interest in dealing with medical issues if you can no longer make those decisions for yourself. Guidance is provided from your perspective through the power document and other ancillary documents such as a living will. A financial power of attorney will act on your behalf with respect to all financial matters outlined and within the powers granted in the power document. The power document can be enacted immediately or upon an event such as you not having the capacity to act on your own behalf. A personal representative will be responsible for settling your affairs after you pass, to the extent other fiduciaries are not given some of the responsibilities. Mainly, this person is responsible for administering your will and shepherding any probate.

A trustee will be responsible for administering your trust during any period of incapacity or upon your passing. If you're a business owner, you might name two trustees: one for the business and one for everything else. You might ask why there would be a special business trustee. Well, as with any fiduciary you select, you should name someone to fill the role selected who has the background, education, experience, acumen, and availability to handle the tasks you're selecting them for. This means you need to wisely consider your selections and not just pick Uncle Joe because he was a banker at one time.

You should also pick backup fiduciaries in case the primary ones selected cannot or chooses not to act. Sometimes it may even be best to select co-fiduciaries, especially if independence is needed at times. Even if you think you are picking the right person or institution for each role, communicate with them to gain their willingness before finalizing your documents. The duties and responsibilities can be vast and burdensome.

Sometimes those you select as fiduciaries do not really have the necessary experience, time, or specialized knowledge to interpret and carry out the terms of the estate documents. SVA can help you in many ways. We can even offer guidance in how you select your fiduciary.

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