

Recommendations For A Successor Trustee Under A Living Trust:

The following suggestions are to any individual who acts as a Co-Trustee with the Grantor or who acts as a Co-Trustee or Sole Trustee when the Grantor has died or has become disabled and is no longer capable of acting as such. If the person who creates the Trust (the "Grantor") is also the beneficiary and the Trustee, the Grantor may take any action relative to the trust assets and administration that he or she wishes. However, any Trustee who is not also the Grantor has several duties and obligations as a result of being named the Successor Trustee in the document.

General Suggestions:

1. Read the Trust document. Many of your responsibilities as Successor Trustee are set forth in the Trust document itself. Legal and tax counsel should be obtained as may be necessary. The Trustee has a fiduciary duty with respect to the management of the Trust and can be held personally liable for breaches of that duty. As a result, a fiduciary must never use the trust estate for the fiduciary's own benefit.

2. Trust assets and related important documentation should be registered in a form substantially similar to the following:

(Trustee's Name), as Trustee of the
(Grantor's Name) Trust dated
(Date of Trust).

3. The Trustee should obtain a taxpayer identification number from the IRS to use for all Trust investments and tax returns. Your attorney can obtain this number for you. It will be necessary to obtain a taxpayer identification number for the Trust at the point in time that the Grantor is no longer acting as the Trustee.

4. All trust assets should be inventoried and re-registered in the name of the Trustee, as indicated above.

5. Establish a trust checking account in the name of the Trust if it has not already been established.

6. A Trustee has a duty under Illinois law to invest and manage trust assets as a prudent investor would, considering the purposes, terms, distribution requirements, and other circumstances of the Trust. Trustee duties include, but are not limited to: (1) Invest and manage trust assets as a prudent investor; (2) Investment decisions are judged in terms of reasonable business judgment; (3) Diversify the investments; (4) Review trust assets and to make decisions; and (5) Pursue an investment strategy that considers both the reasonable production of income and safety of capital.

7. As a Trustee, you must at least annually furnish to the beneficiaries then entitled to receive the income from the Trust a current accounting showing the

receipts, disbursements, and inventory of the trust estate. If the beneficiary is a minor or a person with a disability who is incapable of understanding the accounting, the accounting should be provided to the beneficiary's spouse, parent, adult child, or court appointed guardian. The Trustee should retain proof of delivery of the accountings or the written approval of the person to whom it is provided. The duties to account, include but are not limited to: (1) Every trustee at least annually shall furnish a current account showing the receipts, disbursements and inventory; (2) Every trustee shall on termination of the trust furnish to the beneficiaries a final account; and (3) If a beneficiary is under a legal disability, the account shall be provided to the representative of the estate of the beneficiary.

8. The Trustee may wish to set up the following or similar set of files for recordkeeping purposes: Legal Documents; Inventory of Assets; Accountings, Investments; Taxes; Real Estate.

Taxes:

1. At the end of each calendar year, file appropriate federal and state income tax returns (Form 1041). The IRS Form 1041 is an informational return indicating that all items of trust income, deduction, and credits are "passed through" to the Grantor's Form 1040.

2. Determine and satisfy the payment of applicable federal and state estimated income taxes.

Recommended Headings for Accounting Records:

Date
Description of Receipts and Disbursements
Income*
Expenditures**
Balance

* Such as dividends, interest, rents, etc.

** Such as payment to beneficiaries, real estate expenses, investments, transfers to Savings accounts, etc.

Note:

IRS required "Circular 230" Notice: Pursuant to recently enacted federal regulations imposed on attorneys who give tax advice ("Circular 230"), we are required to include a notice in most of our written communications that any tax advice contained in the communication is not intended or written to be used and may not be used: (i) by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer by an governmental taxing authority; or (ii) by any person to recommend or support the promotion or marketing of any federal tax transaction addressed in the communication.

This brochure is provided for informational purposes only. While every effort has been made to ensure accuracy, it cannot be relied upon as legal advice. Applicability of the legal principles discussed may differ substantially in individual situations, and you should consult with your legal advisor.

**817 Peoria Street
PO Box 484
Peru, IL 61354**
Telephone: (815) 223-3434
Fax: (815) 223-3489
Email: zukowski@theramp.net

Visit us online at www.zukowskilaw.com

Zukowski Law Offices

DUTIES OF A SUCCESSOR TRUSTEE

