

Trustee Duties

What are your duties as Trustee of a Trust?

When a trustee accepts the position, they become subject to certain duties. These duties reflect the fiduciary relationship that the trustee owes to the beneficiaries. A trustee who breaches their duties may be personally liable for any loss caused.

Here is a summary of some of the general duties of trustees. Some trust deeds may impose additional duties or alter these duties.

- 1. Duty to obey the terms of the trust**
This means that the trustee must have an understanding of the terms of the trust deed.
- 2. Duty to use diligence and prudence**
The trustee must take care with the trust property and affairs.
- 3. Duty to act in good faith and avoid conflict**
A trustee must not profit from the trust or deal with trust property for their own benefit.
- 4. Duty to keep proper accounts and provide information**
Beneficiaries are entitled to information regarding the trust property, however a trustee is not required to provide reasons for its decisions.
- 5. Duty to administer the trust personally**
This means that the trustee must not delegate their powers and duties. The trustee should still seek financial and legal advice when appropriate in respect of the trust.
- 6. Duty to act impartially**
The trustee cannot favour one class of beneficiaries over another.
- 7. Duty to preserve and invest**
The trustee must invest trust monies for the benefit of the beneficiaries. The duty to preserve trust property includes a duty to insure assets where a prudent person would do so.

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