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## What are the duties of a trustee?



The duties of a trustee are defined in the trust instrument and under the law of the state governing administration of the trust. The terms of trusts and state law can vary, but in general the trustee has the following duties:

- **Duty to Administer Trust by its Term.** The trustee has a duty to administer the trust by its terms. Distributions are to be made to the beneficiaries only pursuant to the trust terms. The trust may also contain special instructions about trust investments and trust administration.
- **Duty of Loyalty.** The trustee must administer the trust in the interests of the trust beneficiaries and not for the benefit of the trustee's personal interests.
- **Duty to Avoid Conflicts of Interest.** The trustee has a duty not to administer the trust in a manner that creates a conflict between the interests of the beneficiaries and the trustee's personal interests.
- **Duty of Impartiality.** Unless otherwise directed by the trust instrument, the trustee has a duty to treat the beneficiaries impartially. Thus the trustee must fairly balance the interests of different current beneficiaries, as well as the interests of the current beneficiaries and the future beneficiaries, without favoring one beneficiary or group over the other.
- **Duty of Care.** The trustee has a duty to exercise reasonable care, skill and caution in administering the trust.
- **Duty to Invest Prudently.** The trustee has the duty to invest the trust assets prudently. Unless the trust otherwise directs, the trustee generally has a duty to diversify investments. A trustee generally may hire an investment advisor to assist with trust investments.