

How to Choose a Trustee for a Special Needs Trust

Selecting a trustee is one of the most important decisions you will make when creating a **Special Needs Trust (SNT)**. The trustee is responsible for managing trust assets, making distributions, filing tax returns, and—most importantly—protecting the beneficiary’s eligibility for government benefits.

Because this role often lasts for the lifetime of your loved one with special needs, it requires careful thought. Let’s look at some common trustee options, along with their advantages and drawbacks.

Family Members as Trustees

Your Parents

Parents are often the first choice. They know and love your child, understand your intentions, and may even serve at little or no cost.

Drawbacks: Most parents will not outlive the beneficiary, meaning this solution is temporary. A successor trustee will eventually be needed.

Your Siblings

Siblings can also be a good option—close in age, familiar with family dynamics, and generally trusted.

Drawbacks: Like parents, siblings may not outlive the trust. They also have their own families, careers, and responsibilities, which may limit the time they can dedicate.

Your Other Children

Many families consider naming their other children as trustee. They are peers of the beneficiary, care deeply about their sibling, and may wish to help.

Drawbacks: This option can be complex. Serving as trustee is demanding and carries liability. It can also strain family relationships, especially if only one child is named trustee while others are not. Questions of favoritism or resentment can arise.

Professional and Institutional Trustees

Banks or Trust Companies

Corporate trustees bring professional investment management, neutrality, and experience with complex trusts.

Drawbacks: Many require high minimum asset levels (sometimes \$250,000–\$1,000,000+). Some will not accept Special Needs Trusts at all. Even when they do, you must evaluate whether they will provide personalized attention and maintain good communication with your family.

Attorneys

In some cases, your estate planning attorney may serve as trustee. They understand the law, trust administration, and your family's unique needs.

Drawbacks: This can raise conflict-of-interest issues if the attorney both drafted the trust and administers it. Safeguards such as requiring professional liability insurance or a trustee's bond can help protect the trust.

A Combined Approach

In many situations, the best option is a **team of trustees**:

- A **family member** who understands the beneficiary's personal needs, paired with a
- **Corporate or professional trustee** who brings financial and legal expertise.

This division of responsibilities can balance compassion with accountability, while also reducing the administrative burden on family members.

Key Takeaways

- **Longevity matters:** Parents and siblings may not outlive the trust.
- **Fairness matters:** Family choices can cause tension or perceptions of favoritism.
- **Expertise matters:** Professional trustees bring skills but may be costly or impersonal.
- **Flexibility helps:** A combination of trustees can provide the best of both worlds.

Moving Forward

At **Legacy Fiduciary Group**, we guide families through the process of creating and administering Special Needs Trusts. We'll help you weigh your options, avoid common pitfalls, and structure your trust so it protects your loved one for their lifetime.

 Call (845) 400-8307 or visit www.LegacyFiduciaryGroup.com to schedule a consultation.