



Now That I'm a Trustee, What is my fee going to be?

You have been nominated as Successor Trustee by your parent(s), family member(s) or friend(s). What happens next? Well of course, the Trust needs to be administered. Successor Trustees, keep in mind that serving in this position is a job, as it can entail a lot of work. Serving as trustee entails lots of responsibility and potential liability. What are you entitled to when you have a job? Well that would be compensation!

Some trusts will state the hourly rate to be received for trustees fees, or a percentage of assets the trustees are entitled to for compensation. However, this is not always the case, If the trust instrument is silent on the issue of Trustee compensation, Probate Code Section 15681 provides that the Trustee is entitled to "reasonable compensation."

What constitutes reasonable compensation is subject to interpretation, and it is therefore recommended that the Trustee only take compensation which is generally considered as acceptable by the court in the county in which the trust is being administered. In San Mateo, although not a written rule, the typical hourly rate for Trustees is between \$50-\$70. Trustees should keep good track of their time and document their tasks over the course of the administration as this can better support the requested fees, particularly if there is ever court intervention.

Although you are entitled to reasonable compensation and reimbursement of your reasonable expenses incurred in the administration of the trust, you are not required to take compensation. If you do take compensation for your services, you need to be aware that Trustee fees are taxable as ordinary income to the Trustee. Any reimbursement of expenses paid will not be taxable.

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