

## **Trustee Roles and Responsibilities Guide**

Being a trustee is often an important way to help a friend or family member. It means you take responsibility for money or assets that have been set aside in a trust for someone else. You'll manage the money for them, only use it in their best interest and obey the rules of the trust.

### **What is a trust?**

A trust is a way to manage money or other assets for someone else.

There are three key people involved in any trust:

The settlor - the person who puts the assets or money into the trust.

The beneficiary - the person who benefits from the trust.

The trustee - the person who manages the trust.

The settlor is responsible for appointing the trustee to administer the trust and decide who the beneficiaries of the trust are there may be more than one settlor, beneficiary or trustee involved in a trust.

### **Why would someone might set up a trust for a beneficiary?**

Is too young to manage their own affairs, typically under 18.

Is an older person who needs to pay for long-term care.

Has a permanent disability which means they can't manage their own affairs.

### **What is a trustee?**

A trustee is a person who takes responsibility for managing money or assets that have been set aside in a trust for the benefit of someone else. As a trustee, you must use the money or assets in the trust only for the beneficiary's benefit.

Everything you do as a trustee must be done in the beneficiary's best interests. Exactly what you can and can't do as a trustee might be set out in detail in the trust deed or Will.

For example, the trust deed or Will might say the trust is to pay for education or care fees. If that's the case, you can't use the money for anything else.

You won't be able to benefit from the trust yourself (unless the trust deed says you can).

If the trust is a 'discretionary trust', the trustees will have more freedom to make decisions. For example, if the trust is set up to benefit a number of young children, you and any other trustees can use it for anything you agree is for the benefit of any one of the children, like paying for a school trip or paying school fees.

## **Trustees and tax**



Where applicable trustees have responsibility for the tax affairs of the trust this may mean preparing relevant returns to HMRC and paying and tax due from trust assets such as-  
Income Tax.

Inheritance Tax.

Capital Gains Tax.

A trustee can get help and advice with trusts and tax either from a specialist advisor or by calling HM Revenue and Customs on 0300 123 1072 or via the [WWW.GOV.UK](http://WWW.GOV.UK) website.

### **Is a trustee responsible if something goes wrong?**

Being a trustee is a legal responsibility.

You must always act in the best interests of the person the trust is for. This is called your 'fiduciary duty'. If you don't, you can be held personally responsible for losses incurred by the beneficiary.

If the trust can't pay its debts or loses money because you didn't take reasonable care in making a decision, you can be held liable as a trustee. However, documenting the decisions made, the reasons behind the decisions including details of any professional advice taken will help demonstrate that you have acted diligently in your role as trustee.

You must agree with all of the other trustees when making trust decisions. Trustees must not misuse money and must always remain mindful that it is not their fund.