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Trust Administration After Death:

Common Mistakes California Families Make

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The period immediately following a settlor's death is one of the most legally sensitive and emotionally challenging phases of trust administration. In California, post-death trust administration is governed by strict statutory requirements, and even well-intentioned individual trustees can inadvertently expose themselves to liability through delay, oversight, or informal decision-making.

For families, these missteps often result in unnecessary stress and conflict. For professional advisors, they can lead to corrective legal work, court involvement, or fiduciary disputes that could have been avoided with proper administration from the outset.

A California corporate fiduciary, such as Parallel Trust Company of California, is designed to bring structure, compliance, and institutional discipline to this process.

Ensuring Proper and Timely Trust Funding

One of the most common—and consequential—mistakes after death is the failure to properly fund the trust. Assets left outside the trust, whether due to outdated beneficiary designations, incomplete retitling, or overlooked accounts, may require probate, undermining the settlor's planning objectives.

A corporate fiduciary addresses this risk by implementing a formal asset collection and funding process, which includes:

- Conducting a comprehensive review of the trust instrument, schedules, and related estate planning documents
- Identifying trust assets versus non-trust assets and coordinating with custodians, financial institutions, and advisors
- Overseeing the retitling of assets into the trust, where appropriate
- Flagging probate exposure early and coordinating with legal counsel when corrective action is required

By applying a methodical, checklist-driven approach, a corporate trustee reduces the likelihood that assets are overlooked or improperly administered.

Meeting California Statutory Deadlines and Notice Requirements

California law imposes strict timelines following a settlor's death, including requirements for beneficiary and heir notifications, inventories, valuations, and accountings. Missed or defective notices can miss statutes of limitation, invalidate trustee actions, and increase the risk of litigation.

Parallel Trust Company of California mitigates this risk through:

- Established post-death administration timelines aligned with California Probate Code requirements
- Standardized notice procedures to ensure proper recipients, content, and delivery methods
- Ongoing tracking of statutory deadlines and deliverables
- Coordination with estate planning attorneys and tax advisors to ensure compliance across disciplines

For beneficiaries, this approach provides transparency and confidence. For advisors, it ensures that statutory compliance does not depend on an individual trustee's familiarity with California law.

Managing California Real Property with Fiduciary Discipline

California trusts frequently hold residential or commercial real estate property, which often represents a significant portion of the trust's value. Managing real estate introduces a range of fiduciary risks, including liability exposure, liquidity challenges, and beneficiary conflict, particularly when beneficiaries wish to occupy or retain property.

A corporate fiduciary manages these risks by:

- Ensuring appropriate insurance coverage and property tax compliance
- Establishing clear policies for property use, maintenance, and expense allocation
- Engaging qualified third-party professionals for valuation, management, or sale, when appropriate
- Evaluating retention versus sale decisions under the California Prudent Investor Rule and documenting the rationale

By maintaining neutrality and applying consistent fiduciary standards, a corporate trustee can make difficult real estate property decisions while reducing emotional and legal friction among beneficiaries.

Mitigating Trustee Compensation and Reimbursement Disputes

Disputes over trustee compensation and expense reimbursement are a frequent source of beneficiary dissatisfaction, particularly when individual trustees lack transparency or documentation.

California law permits trustees to receive reasonable compensation. However, the burden is on the trustee to demonstrate that fees and reimbursements are appropriate.

Parallel Trust Company of California mitigates these disputes through:

- Clearly disclosed fee schedules established at the outset of administration
- Consistent application of compensation policies
- Detailed documentation of trustee services and reimbursable expenses
- Regular, standardized reporting that allows beneficiaries to understand how fees relate to services provided

This approach reduces ambiguity and helps prevent misunderstandings from escalating into formal disputes.

Why Families and Advisors Turn to a Corporate Fiduciary

Engaging a California corporate fiduciary after death can provide relief from administrative burdens during a time of loss. For advisors, it offers confidence that the trust will be administered in compliance with California law and in accordance with fiduciary best practices.

A corporate trustee, such as Parallel Trust Company of California, brings:

- Regulatory oversight and accountability
- Experience navigating complex post-death administration issues
- Neutrality in family dynamics
- Disciplined processes designed to reduce fiduciary risk

Ultimately, proper post-death administration is not merely about completing tasks. It is about protecting beneficiaries, honoring the settlor's intent, and minimizing the risk of conflict. A professional California fiduciary plays a central role in achieving those objectives

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