

How Do You Charge for Trust Administration?

Sezzers:

I am considering taking on my first large trust administration (large for little me anyway). Trust assets in the 3 million range, with 6 different pieces of real estate. Trust breaks off a chunk for surviving spouse and puts the rest in special needs trust for severely disabled child. Surviving spouse is the successor trustee, who has a difficult time communicating as English is her second language. One of her daughters is willing to help her out. From what I've heard I'm assuming the pour-over will need to be used, as these assets seem to be all titled differently.

So lots of work involved here.

I honestly have no idea the best way for me to get paid on this. I'd love NOT to have to track my hours on this.

Can anyone share with me how they arrange payment on similar situations? I'd appreciate any info on or off list.

Thank you! Thank you!

Hourly with a possible percentage. In CA institutions may charge a percentage. Don't know about your state's law. Sometimes the trust has a provision. In CA, if not, the trustee's counsel is entitled to a "reasonable fee." But maybe you don't consider yourself trustee's counsel but rather the trustee? Could be your usual hourly rate for some things and a paralegal working under your supervision at a lower hourly rate for other things. And then, your administrative staff at an even lower rate, maybe, depending upon what is being done, how much.

Check out private professional fiduciaries on the internet for fee schedules to get ideas.

Roger M. Rosen, California

Check your state's laws and rules re attorney's fees for assisting with trust administration.

In NY, attorney's fees for such services are reviewable and must be "reasonable", taking into consideration the size of the estate, the nature and difficulty of the tasks involved, etc. Attorneys must document the time expended on such tasks via time records prepared contemporaneously with the rendering of such services.

Check your local rules and then do a CBA (cost benefit analysis) to see if you can do it profitably.

Rod Klafehn, New York

Hourly. It just screams hourly for everything. You've got two trust administrations plus a probate.

Why would you not want to track your hours? Even if you aren't billing hourly, wouldn't you want to track it anyway to know what would be a reasonable estimate for the future? For this type of thing, I also typically track/bill the cases separately as well - initial trust admin, SNT admin, probate.

Cynthia V. Hall, Florida

I have a few trust administration matters.

Time and Task so I can defend what I earn.

I differentiate as:

Trustee \$225

Admin \$150

I sub contract out the bookkeeping when possible.

My logic for both rates are that, but not for the task at hand, I am forgoing other work I can bill at full freight.

Move heaven and earth to get an executed fee agreement from trustor.

Beneficiaries who don't wake and work develop an Entitlement Strain of Influenza. Some never grow up. Your fact pattern may have you dealing with state social service agencies and qualifying for existing and/or new programs.

I am always ready to resign and as such I take pride in having all the i's dotted and t's crossed, all the time.

FWIW my hourly attorney rate is \$300 and my paralegals are billed at \$150.

Your fact pattern appears to have a fair degree of property management. Use your fiduciary authority to price out a property management company, unless you have a system for that already in place.

Years ago I found myself fixing toilets and busted storm doors. Not what I went to law school for.

I don't mind the occasional shopping for a car, computer or negotiating the purchase and install of a new gas fireplace. But not times SIX!

My 0.02

Michael J. Sweeney, Connecticut

I defer to Cynthia but when I saw SNT, I thought I'd definitely charge separately for that--so much more potential liability.

Julie S. Mills, Ohio

Maybe I misunderstood the original question, but to clarify you are serving as ATTORNEY to the trustee/PR, right? You are not actually fulfilling the fiduciary roles of PR and trustee of each trust, correct? If you are, then I'd still recommend tracking hours. In the few times I've been a fiduciary I've also billed hourly, but at a different rate than my attorney rate for fiduciary duties (my normal hourly attorney rate for typical attorney duties.)

BTW, if you are also the fiduciary, AND you drafted the document(s), then you need to take a look at the changes to Florida Bar Rule 4-1.8(c) regarding informed consent.

Cynthia V. Hall

Thank you to everyone for the replies. Cynthia, yes, I am serving as attorney to the trustee/PR.

The main reason I was looking to get around hourly for everything, is that I work alone, no secretary even, and time-keeping takes time quite honestly. In this case, you are right, I would have 3 different time-keeping logs: one for the revocable trust, one for the special needs trust, and one for probate. It looks like there will be a lot of property in the probate estate (at least 4 non-homestead properties) therefore, I actually feel safe working off a statutory percentage for the estate rather than hourly.

Thank you again for the insights.

Lani Candelora, Florida