

You're the trustee— now what?

Trustee checklist

As a trustee, you have an important and critical role—to carry out the terms of the trust. A periodic and thorough trust review is part of your fiduciary responsibility and helps ensure the trust operates according to its terms. So, where should you start? Work with a knowledgeable tax and/or legal advisor to make sure all trust operational, tax, and funding matters are in order. Then, reassess any life insurance policies.

Checklist to keep life insurance on track

Use this checklist to give each policy a proper review. It can help you ensure the life insurance still meets the trust's objectives and is performing to expectations.

Life insurance company suitability

- | | | |
|-----|----|---|
| Yes | No | Does the issuing insurance company have high marks from primary rating agencies? (e.g., A.M. Best, Fitch, Moody's, Standard & Poor's) |
|-----|----|---|

Policy performance review

- | | | |
|-----|----|---|
| Yes | No | Have you requested an annual illustration on each policy owned by the trust? <ul style="list-style-type: none">• How does it compare with the original illustration?• How does it compare with the most recent illustration? |
| Yes | No | Is the life insurance policy making efficient use of trust assets and contributions? |
| Yes | No | Are the life insurance policy provisions and features still consistent with the objectives of the trust? |
| Yes | No | Is the policy's death benefit guaranteed for life? <ul style="list-style-type: none">• If not, how long is the coverage guaranteed?• Does the guarantee period meet trust objectives? |
| Yes | No | If the policy is variable life insurance, is the asset allocation of the policy's sub-accounts consistent with the objectives of the trust? |
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Market review

| | | |
|-----|----|---|
| Yes | No | Are there other life insurance policies or policy types that would better address trust objectives? ¹ |
| Yes | No | Are there other life insurance policies that would provide the same guaranteed death benefit at a lower cost? ¹ |
| Yes | No | Are there other life insurance policies that would provide a higher guaranteed death benefit at the same cost? ¹ |

Other important details to review

Trust operations. If “Crummey” powers are being used to qualify trust gifts for the annual gift tax exclusion, are all requirements being met?

Trust document. Does it still meet the grantor’s objectives? Are there any technical errors? If problems are found, it is important to get legal advice. In some cases, a transfer to an updated trust may be possible.

 [Learn more](#)

Contact your financial professional or go to principal.com.

¹ Policy replacement requires consideration of issues such as insurability, surrender costs, contestability, riders, and policy provisions. No existing policy should be canceled until replacement coverage is approved.



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