

Navigating Trust Disasters

Prepared by Daniel Felix and Wendy Cox





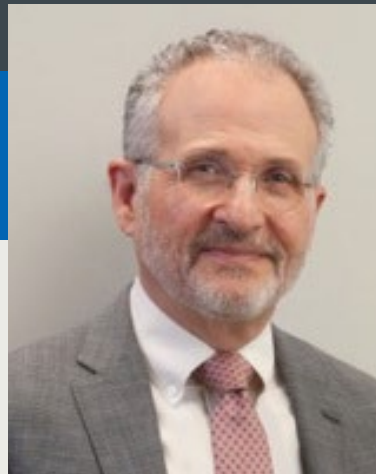
Trusts as Disasters Waiting to Happen

Navigating Trust Disasters

Lessons learned from journeying 60+ years in the trustscape

Too often trusts go off course, causing challenges for trustees – and for their grantors and beneficiaries. Caused by technical turbulence as well as by whirlpools of family dynamics, trust disasters capsize administration with expense, delays, and disharmony. In this online session, two seasoned trustees share insights gained from their encounters with trust disasters – including how they steered each trust through the storm.

By attending this hour-long program, you will gain practical knowledge and strategies to better handle the trust challenges you may encounter.



Daniel Felix, J.D.

**Family Trustee, Trust Administrator,
Power of Attorney, Financial Fiduciary**

A Certified Master Trustee and longtime “Super Lawyer,” he has over thirty years of experience managing complex trusts, resolving crises, and leading nationally in trust administration, education, and authorship.



Wendy Z. Cox, J.D., CTFA

Director of Personal Trust, Chief Fiduciary Officer

With 30 years of legal experience and designation as a Certified Trust and Fiduciary Advisor, she leads the personal trust team by providing strategic trust guidance, overseeing fiduciary compliance, coordinating with professional advisors, and ensuring clients receive exceptional service.





Trusts as Disasters Waiting to Happen

OUTLINE OF TRUST DISASTERS

- **Distribution of Personal Property**
- **Transition of the Family Home – and the Family Cottage**
- **Transition of the Business**
- **Disabled or otherwise troubled beneficiaries – and grantors**
- **Significant others and blended families**
- **Attempt to rule from the grave**
- **From surprises**

strategies to better handle the trust challenges you may encounter

Disasters Around Personal Property





What the Disaster Looks Like:

- Bad feelings, theft, trustee emergency, waste
- *Stories incl Audrey Hepburn's Personal Property*

How is the disaster cleaned up, if at all and cost:

- AGDLE, litigation – cost financial & relational

Disasters from the Transition of the Family Home





Disasters from the Transition of the Family Home

What the Disaster Looks Like:

- Family despair, difficult administration, waste
- Story: The Second Spouse with a Life Estate
- Variations: Returning child, caretaker, special needs resident

How is the disaster cleaned up, if at all and cost:

- Post trust agreements or Sheriff and Lawsuit
- Financial and relational costs

Disasters Caused by the Family Cottage





What the Disaster Looks Like:

- Discord among children
- Inability of some children to pay upkeep
- Property held in separate shares

How is the disaster cleaned up, if at all and cost:

- Post-trust agreements
- Purchase by one or more siblings
- Sale of property

Disasters Related to Transition of Business





What the Disaster Looks Like:

- Breakdown of business, management, ownership, family
- Hard-to-fill empty chairs in pension plans, etc.
- Waste and bad feelings
- Story: Bob's Professional Service Firm

How is the disaster cleaned up, if at all and cost:

- Temporary C level exec - \$\$
- Court actions often incomplete, and costly

Disasters from a Disabled Grantor





Disasters from Disabled or Troubled Beneficiaries

What the Disaster Looks Like:

- Loss of federal benefits & Waste of trust assets
- Inability to provide needed support to beneficiaries
- Relational and emotional breakdown

How is the disaster cleaned up, if at all and cost:

- Reformation, decanting, modifications of trusts - \$\$\$
- Having to obtain services from other resources - \$

Disasters from Disabled or Troubled Beneficiaries





What the Disaster Looks Like:

- Overwhelm, diminished care, stressed administration, waste
- *Story: Grantor Self-Destructing and Wasting Assets*
- Variations: Stakeholder with mental health or substance/addiction issues

How is the disaster cleaned up, if at all and cost:

- Fraught court cases,
- Protracted emotional, physical and financial pain

Disasters in Blended Families and Spousal Planning





Disasters in Blended Families and Spousal Planning

What the Disaster Looks Like:

- Family breakdown/disharmony
- Inappropriate trustees
- Unintended results
- Inability to administer trust
- Waste

How is the disaster cleaned up, if at all and cost:

- Litigation
- Reformation/mediation
- Financial, emotional and relational costs!

Disasters from Ruling Beyond the Grave





What the Disaster Looks Like:

- Frustration of grantor's intent
- Inability to administer effectively in changing circumstances

How is the disaster cleaned up, if at all and cost:

- Reformation, decanting, litigation
- Theme: Cleaning up the mess always costs money

Disasters Caused by Surprises





Surprise = Planning Without Alignment

Example 1: Surprise Distributions

- Story: The Expectant Daughter
- Cleanup: Bad feelings, grudges, AGDLE, litigation, cost

Example 2: Surprise Fiduciaries

- Story: The Bullying Older Brother
- Cleanup: Bad feelings, grudges, AGDLE, shoehorning in replacement fiduciary, litigation – cost!



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practical knowledge and strategies to better handle the trust challenges you may encounter

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Look for Dan and Wendy in 2026 presenting on how to prevent trust disasters!