



Fiduciary Litigation: Drafting Considerations Based on Lessons Learned

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Lesson No. 1:

Appreciate Common
Issues & Possible Drafting
Considerations.

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Increased Litigation Potential



- Spouses: First, Second, etc.;
- Children;
- Intention to preference some beneficiaries over others;
- Non-traditional relationships;
- Closely held entities;
- Family recreational assets;
- Involvement of family members in financial matters;
- Beneficiaries with drug, alcohol or other dependencies;
- Too much power in some/too little in others.

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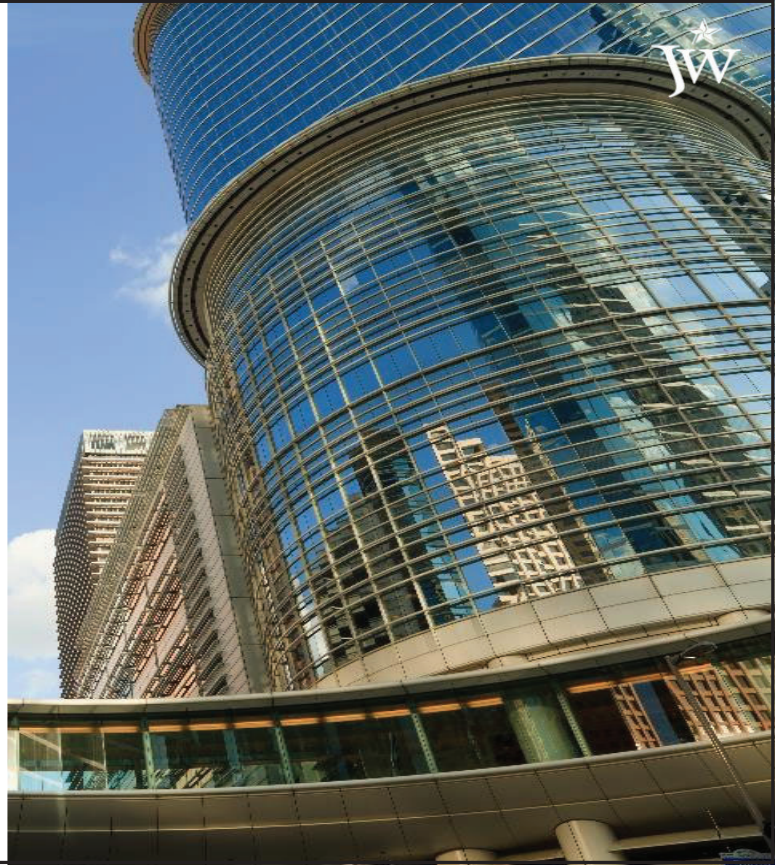
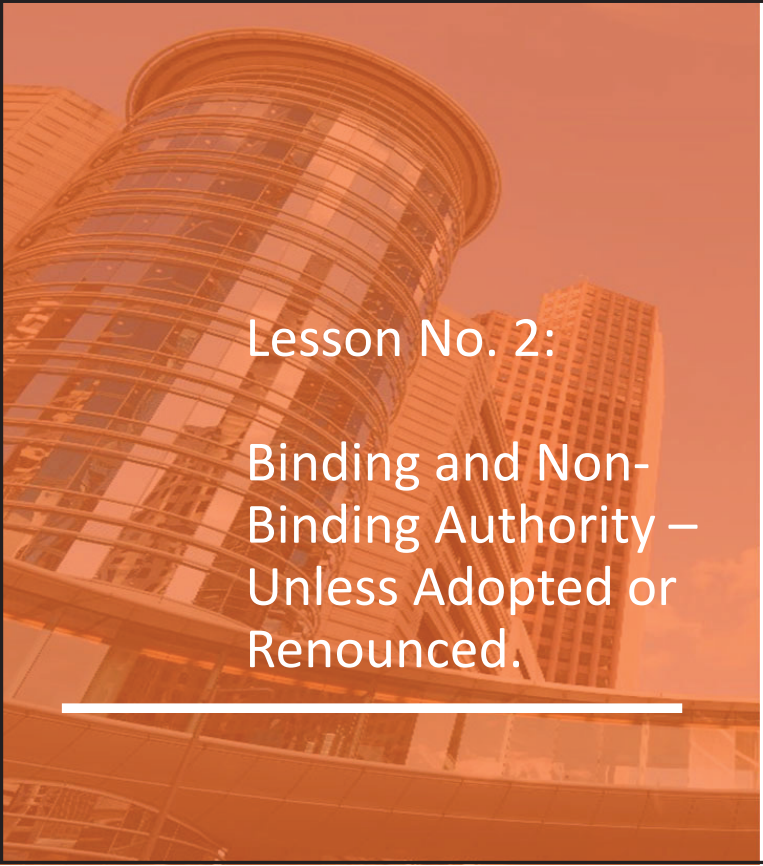
Initial Drafting Considerations



- Clear objectives: lifetime and at death;
- Planning to provide for possible conflicts of preferred fiduciaries;
- Planning for possible self-dealing desires and restrictions;
- Balancing or preventing some client's, fiduciary's and beneficiary's involvement in assets;
- Inserting incentives for beneficiaries and fiduciaries to comply with terms;
- Inserting disincentives for interlopers: lifetime and at death;
- Standards and protections for fiduciaries of all types.

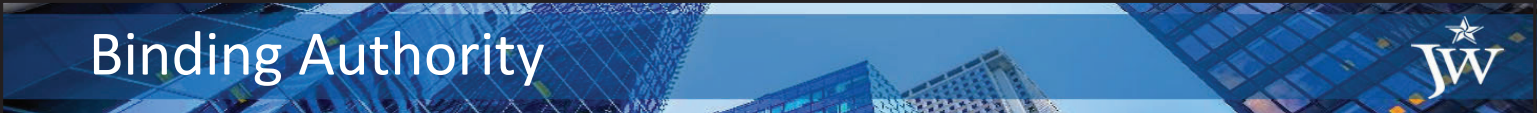
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Lesson No. 2: Binding and Non- Binding Authority – Unless Adopted or Renounced.

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Binding Authority

- Trustees:
 - Trust Instrument;
 - Texas Trust Code; and
 - Existing Common Law.
- Executors:
 - Will and Codicils;
 - Texas Estates (& Some of Trust) Code; and
 - Existing Common Law.
- Agents:
 - Power of Attorney;
 - Texas Estates Code; and
 - Existing Common Law.

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Title search: Drafting for the Trustee in a Challenging Environment

First appeared as part of the conference materials for the
25th Annual Estate Planning, Guardianship and Elder Law Conference session
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