

How the FA / Fiduciary Handoff Typically Works

A short reference for financial advisors and wealth managers whose clients are aging into needing professional fiduciary services.

When does it come up?

Most often: a long-time client has a revocable trust, ages, and either becomes incapacitated, dies, or simply needs help with day-to-day administration. The trust names a successor trustee — sometimes a family member, sometimes a corporate trustee, sometimes a professional fiduciary. When the family member can't or won't serve, and a corporate trustee feels too expensive or impersonal, a CA-licensed professional fiduciary fills the gap.

Other common triggers: a client signs a durable power of attorney naming a professional fiduciary as agent; a court appoints a fiduciary as conservator; a trust uses a “directed trustee” structure where the FA continues investment management and the fiduciary handles distributions and administration.

What the fiduciary handles

- Trustee notifications (California Probate Code §16061.7) and beneficiary communication
- Day-to-day administration: bills, taxes, insurance, property maintenance, vendor coordination
- Trust accounting and the formal accountings required by the California Probate Code
- Distribution decisions consistent with the trust's terms
- Coordination with the CPA on Form 1041 preparation and tax planning
- Coordination with the attorney on contested matters or interpretation questions
- Any required court filings

What the FA continues to handle

- Investment management — asset allocation, rebalancing, tax-loss harvesting, Investment Policy Statement adherence
- Performance reporting and statements to the trustee
- Custodial relationship — accounts stay where they are
- Strategic conversations about distribution sustainability, cash needs, and long-term planning
- The advisory relationship with the family

How the handoff works in practice

- The FA introduces the fiduciary to the family at the right moment — ideally before incapacity, while the client can still meet the person who will administer their trust
- The fiduciary signs onto the existing accounts as trustee. No asset migration. No account closure. The custodial relationship stays at the FA's firm.
- The fiduciary requests the information appropriate to administration; the FA continues investment work as before
- Distributions flow from the FA-managed accounts based on the trust's terms — the fiduciary directs, the FA executes
- Tax season: the CPA, the FA, and the fiduciary share the data flow; the fiduciary signs the 1041

Why “no asset movement” matters

- The family keeps the FA they have trusted for years
- The FA keeps the AUM and the long-term advisory relationship
- The investment policy continues uninterrupted — no disruption, no tax friction from liquidating and re-buying positions
- The fiduciary collects fees on fiduciary work, not on asset transition
- Everyone keeps doing what they are best at

A short example

Mrs. K is 84, lives in St. Helena, has a revocable living trust written in 2010. Her financial advisor has managed her portfolio for 12 years. She becomes incapacitated. Her trust names a professional fiduciary as successor trustee.

Without a no-asset-movement commitment, the new trustee opens accounts at their own custodian. The FA receives a transfer-out request. The portfolio is disrupted, the tax-aware position structuring is unwound, and Mrs. K’s family loses the advisor they trusted.

With the commitment, the fiduciary signs onto Mrs. K’s existing accounts as successor trustee. The FA continues managing the portfolio under the same Investment Policy Statement. Mrs. K’s bills, care, and trust administration are handled. Her family stays connected to the same advisor. The trust assets keep working — for the beneficiaries and for the long-term plan.

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This document describes a working framework, not a promise of any specific outcome. Each engagement is reviewed individually, and the fiduciary’s duties run to the beneficiaries and the trust’s terms, not to any referring advisor.