

A trustee is required to hold and manage trust funds exclusively in the best interest of the beneficiaries. This requirement is known in legal jargon as the trustee's "fiduciary duty." If this fiduciary duty is breached, the trustee can be held personally liable for any losses to the beneficiaries. Examples of breaches of fiduciary duty include the trustee using trust assets to pay the trustee's personal expenses, the trustee living in a home rent free or for less than fair market value rent, the trustee selling assets to himself for less than market value, the trustee transferring trust asset into her personal account and the trustee improperly investing trust funds.

If a beneficiary is concerned that a trustee may be acting inappropriately, the beneficiary should immediately request an accounting. The trustee is required by statute to comply. If the accounting shows inappropriate behavior or if the trustee refuses to comply, the trustee can be removed by the court. These cases are often between family members and can become hotly contested.

In an estate dispute, the personal representative administering probate estates inappropriately have similar responsibilities and can be likewise removed.