

Distributions 101

Understanding Trustee Distributions & the HEMS Standard

A simple guide from Lone Oak Trust Company



LONE OAK
Trust Company

For many families, becoming involved with a trust is unfamiliar territory. One of the first and most common questions beneficiaries ask is:

“How does the Trustee decide what distributions can be made?”

The answer often starts with something called the **HEMS standard**, but in reality, thoughtful trust administration is about much more than simply checking boxes on a list.

At Lone Oak, we believe effective trust administration begins with understanding the people behind the documents. A trust is rarely just about money. It is usually created to protect loved ones, preserve family values, provide opportunity, encourage responsibility, or offer long-term support across generations. Every trust has a purpose, and every family has a different vision for how wealth should serve future beneficiaries. That is why our preference is to build strong relationships with the families we serve. The more we understand a family's dynamics, goals, and values, the better equipped we are to administer the trust in a way that reflects its true intent.

Many trusts include language allowing distributions for a beneficiary's **Health, Education, Maintenance, and Support** — commonly referred to as the **HEMS standard**. While that sounds straightforward, these categories are intentionally broad. “Education” could include anything from private school tuition to graduate programs or professional certifications. “Support” and “maintenance” may involve housing, transportation, healthcare, or other lifestyle needs depending on the circumstances and the intent of the trust creator.

Because HEMS standards intentionally leave room for judgment, relationships become incredibly important. A Trustee is not simply making isolated financial decisions; they are interpreting the trust through the lens of the grantor's wishes and the beneficiary's needs. Having a solid understanding of the family allows us to develop practical guardrails and apply discretion consistently over time. In many ways, the trust document provides the framework, while meaningful relationships help provide context.

It is also important to understand the roles involved in the estate planning process. Estate planning attorneys are responsible for drafting the trust documents and creating the legal standards that govern the trust. At Lone Oak, we do not write trust documents. Our responsibility as fiduciary is to interpret and administer those documents carefully, impartially, and in accordance with the trust terms, grantor intent, and fiduciary obligations. In other words, the attorney designs the roadmap, and the Trustee helps carry out the journey responsibly.

We also understand that families value responsiveness. Questions and financial needs do not always arise on a convenient schedule, and waiting weeks for communication can create unnecessary stress and frustration. That is why Lone Oak is committed to responding to discretionary distribution requests within 24 hours of receiving them. While some requests may require additional documentation or discussion before a final decision can be made, our clients can expect prompt communication and thoughtful guidance throughout the process.

At its best, trust administration should feel personal, approachable, and grounded in common sense. Our goal is to help families navigate these decisions with clarity and confidence while remaining faithful to the purpose of the trust and the intentions behind it.

Lone Oak Trust Company

Relationship-driven fiduciary guidance for generations to come.