

A QUICK PRIMER ON TRUSTS



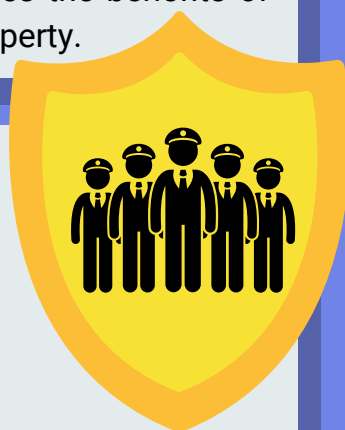
A trust is simply a legal document that acts as a container to hold or own property, cash, securities, or other items of value. **A trust protects the things you put underneath it.** There are three parties to a trust: The first is who establishes the trust, called the trustor or grantor. The second is the trustee who manages and carries out the terms of the trust. Finally, there is the beneficiary who receives the benefits of the trust, either in the form of income or outright distribution of property.

TYPES OF TRUSTS

There are many different trusts you can have, but they all fit in one or more of the following categories:

- **Living or testamentary** - a written document where your assets are provided to an individual as a trust for use and benefit in their lifetime. Upon the trustor's death, the named trustee will handle the affairs.
- **Revocable** - this can be changed/terminated by the trustor during their lifetime.
- **Irrevocable** - this cannot be changed by the trustor once established.
- **Funded** - the assets have been legally transferred into the trust.
- **Unfunded** - the trust is legally created, but considered inactive without assets.

WHY YOU SHOULD CONSIDER A TRUST



- Having a trust can help avoid the need for probate, saving time and money for the beneficiaries.
- A trust allows you to establish specific guidelines for how your assets are distributed.
- A trust can help reduce estate taxes and ensure more of your assets go to your beneficiaries.
- A trust can protect your assets from creditors, lawsuits, or potential mismanagement of beneficiaries.
- Privacy is an underappreciated aspect of trusts, as assets listed in a trust are not public record.

POTENTIAL TRUST ISSUES

- Failing to fund the trust completely or properly.
- The named trustee dies without a proper mechanism for appointing a new one.
- Unhappy beneficiaries challenging the trust.
- Fraud due to coercion, embezzlement, or forged documentation.
- Selecting an inappropriate trustee, such as naming a beneficiary to the role. This can lead to conflicts of interest.
- Failure to update to reflect the trustor's wishes and laws of the land.
- Not disclosing all relevant information.

TIME, MONEY, PRIVACY

are why a trust could be better than a will. A will generally has to go through probate to ensure every aspect is followed per your instructions. This can cost a lot of time and money for your beneficiaries. Without a trust, the probate court will also make your personal property **public record**. You can use a trust to keep your information private while also protecting your assets from creditors.

TAKE ACTION NOW

Avoid issues by establishing or updating your trust now while you are still mentally sharp as a tack. Your state of mind can change over time and you want things in place before you're unable to make clear decisions.



As a primer, this certainly does not cover everything to know about trusts. If you have any questions about how a trust might be of benefit to you and your estate planning, let 's talk soon.

