

Take control of your wealth

Using a trust



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Why is this important?

Trusts can help you manage your wealth today and protect and preserve it for the future:

- Gifting to family and friends—a trust allows you to give to family and friends in a controlled manner
- Insurance planning—a trust can help you structure your life insurance in a way that avoids inclusion in your estate
- Estate planning—a trust can allow you to avoid probate, minimize or eliminate estate taxes and protect your assets across generations
- Philanthropic giving—a trust can be established to help you give to the charities and causes you care about

What do I need to know?

It's your decision

You need to decide what you want the trust to accomplish, how much control you would like and who your trustee will be.

When should I consider using a trust?

There are fees and administrative tasks associated with creating and maintaining a trust. It may be beneficial to use a trust if:

- You would like to leave a legacy or make gifts with specific terms and conditions
- You have a taxable estate
- You own property in multiple states
- You would like the terms of your estate plan to be private
- You are entering a second or third marriage

What is the objective of the trust?

Before creating a trust, you need to define the following:

- The goal: What do you want the trust to accomplish?
- The trust assets: What money or property will be placed in the trust for the beneficiary(ies)?
- The beneficiary(ies): Who is the person or entity entitled to a distribution from the trust?
- The time frame: How long do you want the trust to exist?

How much ownership and control do I want over the trust?

Understanding differences between a revocable and irrevocable trust

- Revocable trust:
 - A revocable trust is created during your lifetime
 - It is used to avoid the probate process, reduce fees and save time for your beneficiary(ies)

- You retain control over the trust, benefit from the assets, and can change the terms at any time
- You are responsible for paying taxes during life and the assets are includable in your estate

Irrevocable trust:

- An irrevocable trust is used to remove assets from your estate and protect assets from you and your beneficiary's creditors and others who may try and access the assets
- An irrevocable trust is not intended to be modified after it is created
- Once you move assets to an irrevocable trust, you should not retain any benefit or ownership over the assets

Who should be my trustee?

A trustee is the person or entity that manages the trust according to the terms of the trust agreement and is obligated to act in the best interest of the beneficiary(ies) at all times.

Revocable trust trustee

You

- Choose yourself as trustee of your revocable trust if you want to maintain control over the assets
- Have a discussion with your legal advisor if you are considering this option

Irrevocable trust trustee

Option 1: Your spouse

- Choosing your spouse is a common way for you to retain indirect control over the trust assets during your lifetime
- A spouse will often have intimate knowledge of your objectives, the beneficiary(ies)'s personal situations, and a personal interest in the overall success of the trust

- If your spouse is also a beneficiary of the trust, be aware that a conflict of interest could occur. Be sure to discuss this option with your legal counsel

Option 2: The beneficiary

- Choose the beneficiary(ies) to be trustee if you feel comfortable entrusting them with the management of the assets
- Be aware that they may not act with the same impartiality as a non-beneficiary trustee
- To mitigate risk, you can put limitations on their authority and/or make them a co-trustee with another trustee

Option 3: Your family and friends

- Choose your family or friends to be trustee if you want someone who has familiarity with your family's dynamic
- Be cautious of any resentment or family conflict that could arise by choosing a loved one

Option 4: Corporate trustee

- Choose a corporate trustee if you want objective management of the trust assets and longevity that an individual trustee cannot provide
- Be aware that corporate trustees will charge a fee to manage the trust assets

What should my next steps be?

- ☐ Let's have a discussion about your financial goals and if a trust strategy is right for you
- ☐ Determine the objective of your trust and who your trustee(s) and beneficiary(ies) will be
- ☐ Engage with your estate planning attorney and accountant to strategize and execute the trust agreement
- ☐ Let's incorporate your trust structure into your financial plan

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