https://www.unionleader.com/news/business/money_sense/marc-a-heberts-money-ense-trusts-can-help-meet-your-estate-planning-goals/article_ef22ded8-d488-5559-a11e-e6c4c4934c82.html

Marc A. Hebert's 'Money $ense': Trusts can help meet your estate planning goals

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TRUSTS CAN play an important part in meeting your estate planning goals. A trust is a legal entity that holds assets that are intended to benefit others. Trusts can help you plan for incapacity and control how your assets are distributed after your death. While it usually takes an experienced estate planning attorney to prepare a trust document to meet a specific purpose, it is helpful for anyone considering using a trust to have an idea of some of the basic concepts involved.

There are three key groups involved in the workings of a trust. They are:

• The grantor (also called the settlor or trustor)

This is the person that creates and funds the trust with assets.

• The beneficiary

This is the person or persons that benefit from the trust. A group or organization may also be the beneficiary of a trust. The benefit provided might be in the form of income from the trust or the use of property that the trust has title to.

• The trustee

This is the person that holds legal title to the trust’s assets. This individual administers the provisions outlined in the trust document. Since a trustee is a fiduciary, the trustee must act in the best interest of the beneficiary.

There are many potential advantages to having a trust. Depending on the type of trust you create and the provisions you decide to include, these may include the following:

• Minimize estate taxes

• Shield assets from potential creditors

• Avoid the expense and delay of probate court

• Manage assets for children until they able to do so themselves

• Help provide for issues of incapacity

• Shift income tax burdens to beneficiaries in lower tax brackets

On the other hand, there are some potential disadvantages to implementing a trust. A few of these include:

• The costs of setting up and maintaining a trust

• Losing control over trust assets in certain situations

• The time required to comply with recording and notice requirements

• Adverse tax consequences for beneficiaries

Once a trust is established, it needs to be funded. This entails putting assets into the trust that will meet the trust’s objectives. For example, if you have a brokerage account that has stocks and bonds in it, you might set up another account in the name of your trust and transfer the assets from your brokerage account into the trust account. These assets are now in the trust and will be distributed by the trustee according to the trust provisions. You may also want to consider placing other assets, such as bank accounts or your residence, in your trust.

The trust will need to be funded with the type of assets needed to meet the goals of the trust. As an example, if the trust is going to provide income to a beneficiary, then assets that produce income should be used to fund the trust.

Trusts are can be complicated, and there are many different types of trusts. There are living trusts, which are created while the grantor is still alive. There are irrevocable trusts, which are difficult to change once created. There are also testamentary trusts, which are created at the grantor’s death.

Which trust may be appropriate for you depends on the goals you want to accomplish. It is best to have a discussion with a certified financial planner or qualified estate planning attorney to determine the best trust structure to meet your needs. There are also many state and federal laws to consider.

If you use an accountant, they will be able to help you with the tax implications and the filing of any trust tax returns.

If you decide that a trust will help meet your needs, make sure you take the steps to get it funded.

The document you have just spent your time and money on is generally ineffective unless it gets funded.

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