

Do you need a trust?

Special Trusts for Special Situations

Stewardship Trust:

A trust setup for children and grandchildren usually upon the death of the second spouse. If you have substantial assets that you want to see get to your grandchildren without further taxes this is the vehicle to create a family wealth. Here are the particulars to a Stewardship Trust.



Your generation skipping exemption is allocated to the trust so that as long as the assets stay in the trust the assets are exempt from further estate taxes.



Your children act as their own trustees and can draw money out of the trust for health, maintenance, education, and support. They must appoint an independent trustee to make larger distributions of principal.



The trust does not become marital property.



The trust provides protection against creditor lawsuits.



You can name a professional trustee to manage the money.

Do you need a trust?

Special Trusts for Special Situations

Standalone Retirement Trust:

You name a trust as the beneficiary of your retirement account. Your beneficiaries can see that your IRA or other retirement account require special treatment. It prevents them from immediately cashing out the account which usually brings about adverse tax affects.

-  The trust is stretched out to the life of the beneficiary.
-  Withdrawals of more than required minimum distributions are limited by the trust language.
-  The trust provides protection against creditor lawsuits.
-  You can use the retirement assets to fund a bypass trust.
-  You can ensure that your retirement assets eventually pass from your spouse to your children.

When your children can receive \$200,000 in retirement assets especially at a young age, you should consider a Standalone Retirement Trust. It can also be used to limit immediate tax liability from cashing in of Retirement Assets as soon as the beneficiary receives access to the account.

Do you need a trust?

Special Trusts for Special Situations

Irrevocable Life Insurance Trust:

Life Insurance is often misunderstood from an estate planning perspective. Life Insurance always passes to its beneficiaries income tax free, but the proceeds are normally part of your estate. The trust owns your life insurance policy and the life insurance policies are not part of your estate. Often the trust follows the same provisions as the bypass trust providing for the surviving spouse and then the children. There are special requirements needed to comply with the requirement that you cannot have an incident of ownership.

Special Needs Trust:

A beneficiary receiving government benefits can be disqualified from the program they are in by receiving an inheritance. A trust that is structured to provide supplemental benefits provides some nice extras to improve the beneficiary's lifestyle without disqualifying them from the living and training programs they may be in. There are a myriad of rules for special needs trusts, but once a trust qualifies as "Special Needs" then a little money goes a long ways to help a disabled person.