EXPERT **CONTRIBUTOR**

# Who Needs a Trust?

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Ask anyone you know what kind of person would need to be concerned with estate planning, and 90% would describe the well-to-do retiree who has spent the last 40 years of life building up substantial wealth. Young people tend to think they are invincible. They don't plan on getting sick or even worse, dying. Why, then, do they need an estate plan? They need an estate plan for the same reason that older people create them: we are all mortals with a finite lifespan and no guarantee of good health. Young families do have certain unique concerns that need to be properly addressed, including the prospect of having an 18-year-old inherit assets outright, or having a court decide who will oversee assets for minor children.

Would you trust an 18-year-old with the proceeds of your life insurance, IRA, and home? Without an estate plan, children will be able to access their inheritance when they become legal adults at age 18. Unless you consider this a good idea, it may be wise to set up an estate plan which allows a trustee to distribute the money to your children over time. For example, naming the child as the beneficiary of a trust, as opposed to not doing an estate plan at all and giving the child access to their entire inheritance when they become a legal adult. A trustee can have the discretion to pay for the child's education and living expenses and can give them spending cash without giving them direct access to their eventual inheritance. One doesn't have to have millions to set up a trust. Trusts can and should be used to control access to assets that a parent wouldn't want their child to receive in a lump sum.

In addition, with a trust, unnecessary and costly court proceedings can be avoided. Parents can designate a trustee that will manage distribution of any assets being given to minor children. If this is not done, a court will step in and act as a conservator to manage the property on behalf of the minor child. That burden and expense can be minimized with some simple trust planning.

The ideal solution for parents who do not want to leave assets directly to their children, and prefer to have the family avoid a probate proceeding, may be able to leave any assets to children in trust. The assets and distributions can then be managed by a person or entity of the parents' choosing, who is under a legal obligation to manage the assets for the child's benefit as the parents have set forth. Once the child reaches what the parents consider a mature age, the assets can then be distributed from the trust. If additional benefits are desired, the trust can continue and often times can provide creditor and marital asset protection. One should consider having a Trust Protector and the situs of the trust in their planning for maximum flexibility.

Strategic Private Trust Services can help you determine whether you would benefit from the use of a trust in your estate plan. Funding considerations and review services are also strongly suggested every other year. Steven Gronceski can be contacted at 219-736-8902 ext 208. Advisory Services offered through Strategic Financial Group, LLC (SFG) (dba SFGI, LLC in Illinois), a Registered Investment Advisor. SFG does not provide legal services nor estate document preparation.