Wealth Enhancement®

Do I need a Trust?

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A Trust can provide a certain level of certainty when it comes to estate planning. For this reason, the questions I get the most from clients is, ***"do I need a Trust?"***

Let's look at what a Trust can provide.

- Transfer assets directly to beneficiaries without Probate
- Ensure assets transfer without the opportunity for contention
- Offer privacy, since assets will transfer outside the public probate process
- Can provide certain tax benefits for transfers if used correctly
- Can provide protection if the Grantor (the person creating the Trust) becomes incapacitated
- Can provide liquidity for an estate tax transfer
- It is a great tool to provide charitable giving at the end of life

The reason most people avoid getting a Trust is because they are unsure of a few key aspects.

First, **Trusts can be costly**. Especially if you aren't sure what you want the Trust to say or do, paying an Attorney to work with you on these items can increase the cost to establish a Trust.

Second, **Trusts are not something we learn about**. It can be intimidating to seek out someone and try to explain what you are hoping to accomplish when you don't really speak the language of Trusts. This is why we often recommend working with your advisor ahead of seeking out an attorney to draft a Trust. Your Advisor should be able to explain the difference between certain trusts and some basic provisions and rules

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for your state that you should be considering. This will save you time and money when it comes to drafting your Trust.

Lastly, **not everyone needs a Trust**. For a lot of people, a well drafted Will and other important estate planning documents will be enough.

Alternatives to a Trusts

A Will

A well-drafted Will can be enough for single individuals or those without a lot of capital assets. Even with a Trust, it would be a good idea to have a Will for certain decisions like child custody if you have minor children, or smaller items like certain keepsakes. A Will can also be a catch-all for any items not left in the Trust

A Power-Of-Attorney

Even with a well drafted Trust and Will, having a POA for your spouse or someone you trust is a great planning tool. A POA can ensure changes that might be necessary to these documents can still be made if you are incapacitated. A POA can provide certainty and safety to your loved ones if something did happen to you.

Transfer-On-Death/Payable-On-Death

Assets that have a beneficiary designation do not need to be placed in a Trust or Will for a private and secure transfer. Accounts like your IRA, 401k, and life insurance products will transfer directly, privately, and outside probate to the listed beneficiaries. Adding this designation to accounts like your checking or savings, or your brokerage account, can eliminate the need for other planning. If you have an eligible beneficiary, these assets will transfer as wanted.

The decision to establish a Trust should be a conversation you have with your trusted estate planning professional. If you have questions or would like to know whether you should establish a Trust, reach out to our team, and we can help you determine if a Trust is right for you, and get you started on the right path if it is.

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