

PROTECTING YOUR CHILDREN'S FUTURE WITH A TRUST



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How Do I Protect My Child's Inheritance?

As a parent, you want the best for your children. You have worked hard and managed your finances to support them and provide a safe and comfortable environment throughout their lives.

Additionally, you may want to protect them after you pass away or unexpectedly become incapacitated. However, even if you do set aside money for your kids' inheritance in your will, it may not be protected as much as you think.

Setting Up an Inheritance Trust Fund

To guarantee funds are available for their children, many families have created a trust fund. A trust is a legal entity that safeguards assets and ensures they are distributed to specific beneficiaries, including children. A trust allows you to name a trustee (person or entity in charge of the trust assets) and certain beneficiaries (including your children). It also allows you to include certain terms and provisions to ensure that your beneficiaries will receive your money or assets. Fortunately, setting up a trust fund is not exclusively for wealthy families.

Should I Give My Kids a Trust Fund?

A well-planned and well-managed trust can give your children financial security when they become adults or later in their lives.

The following are several provisions and protections a carefully drafted trust could provide to your children:

- **Estate tax protection** – If you leave assets to your kids in a trust, the assets may be kept separate from your child's taxable estate, which means those assets may not be subject to estate taxes upon a child's passing.
- **Divorce protection** – If your child's inheritance is in a trust, it is generally not considered a joint asset with his/her spouse. Therefore, in the event of a divorce, your child's inheritance may be protected from being subject to property division.
- **Creditor protection** – Whether your child accumulates debt or is held liable in an accident, it may be more difficult for creditors or suing parties to gain access to his/her inheritance if it is held in a trust.
- **Predator protection** – This provision could protect your child's inheritance, if in a trust, from financial predators, including your child's significant other and family members.

How Do I Set Up a Trust for My Child?

Working with an experienced financial advisor is an important step toward creating a trust fund for your child. The Piermont Team will ask you about your goals, examine your finances, and determine what type of trust would be best for your child's inheritance and ensure your wishes are fulfilled.

If you need professional help with your retirement plan, call (561) 680-6625 or email pcapell@wealthenhancement.com today to schedule an initial consultation!