Reasons to Plan

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LET'S CRAFT AN ESTATE PLAN THAT ACCOMPLISHES *YOUR* GOALS.

The Hole in Your Trust Is Incomplete Funding

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A trust is an estate planner's best friend. If estate plan documents were a pack of Starbursts, the trust would be the red one: unquestionably the best. **Trusts offer unparalleled planning flexibility and privacy**. Some trusts can also protect your assets from creditors and plaintiffs. And let's not forget everybody's favorite attribute of trusts: **probate avoidance**. There is no document estate planners love to discuss, sell, and dissect more than a trust agreement.

For all of the benefits a trust can provide, **it has one potential weakness: it must be properly funded**. You discussed trust mechanics with your estate planner. You mapped out the perfect trust for you and your family. You selected your brilliant, financially-savvy friend or relative as trustee. The estate planner drafted the trust. **You reviewed it, signed it, and felt the relief of holding your living trust agreement in your hands**. You probably even signed a "general assignment of property" that transferred your personal property immediately into your trust. Great. In some small sense, your trust is funded.

But what about your *real* assets? I mean the big ones that drove you to put a trust in place: life insurance, retirement accounts, and brokerage accounts. **Will they find their way to your trust**?

You need to retitle your brokerage and bank accounts and complete properly worded beneficiary designations for retirement accounts and life insurance policies. Otherwise these major assets will remain outside of your trust's control. Transferring your life insurance policies into an irrevocable trust might also makes sense. If these accounts are titled in your own name and the beneficiary designations do not accurately reflect your estate plan, then they may be subject to probate: a public process that exposes your assets to scrutiny. Didn't you want to avoid that? Worse yet, some of your assets may pass to people who are not even beneficiaries of your trust.

If you created a living trust, then you likely have a pour-over will too. That is a will that leaves the lump sum of your estate—after certain expenses and gifts are made—all to your trust. That is a useful planning technique—a backstop to make sure your assets ultimately land in your trust. But it won't make up for erroneous beneficiary designations, since those assets pass without regard to your will. Life insurance and retirement accounts are the most common assets that pass by beneficiary designation, **so double check that those designations are properly worded**.

Remember, the provisions and protections of your trust only affect assets that are in your trust. So **it is critical to make sure you have properly retitled your assets and completed beneficiary designations** naming your trust as a primary or secondary beneficiary.

If you have a fully executed estate plan, but you need help with funding your trust, then **please email me at** nmonterosso@seyburn.com. I would love to help you maximize the impact of your estate plan. If you don't have an estate plan, then let's start there.

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