

Beneficiary Trusts

An inheritance is something that should be protected. All too often, the assets you've accumulated over years of hard work are wasted or lost because of inadequate planning. It is extremely important to have a long term approach for the estate you leave behind.

A properly designed and implemented Beneficiary Trust is an extremely advantageous way to pass an inheritance, instead of distributing your estate directly to your beneficiaries.

A Beneficiary Trust can maximize the benefits of an "in-trust" inheritance and provides a way to remove the assets from ownership of the beneficiary, while preserving the benefits of the assets for their use and benefits. Also called a Dynasty Trust, the Beneficiary Trust protects the inheritance from:

- ◆ **Creditors**
- ◆ **Divorcing Spouses**
- ◆ **Frivolous lawsuits**
- ◆ **Future federal and state estate taxes**

Best of all, the Beneficiary *retains control* over their assets. As a Beneficiary Co-trustee, they will not manage the assets day to day, but will retain control by the right to hire and fire their Co-trustee. The Beneficiary Trust becomes irrevocable upon funding, therefore creditors cannot penetrate the trust. This retains the ability to protect the assets from creditors, divorcing spouses, lawsuits, judgments, and even taxes, while having the freedoms, options, and protections the Beneficiary Trust can afford.

Because the trust is funded by the parents, the child's share of the estate is never under their ownership, and it allows your wealth to be passed from generation to generation without exposure to taxes, creditors, etc. Without the Beneficiary Trust, assets can be diminished by up to **50%** each time the inheritance is transferred. This trust provides so many benefits, it should be considered any time distributions will go to heirs.

Advantages of a Beneficiary Trust

- ◆ **Assets avoid probate and are free from estate taxes**
- ◆ **Provides protection from creditors or even bankruptcy**
- ◆ **Provides protection from divorcing spouses**
- ◆ **Provides protection from the threat of Medicaid spend down**
- ◆ **Protects the inheritance from lawsuits**
- ◆ **Inheritance does not affect eligibility for government benefits or scholarships**
- ◆ **Enables assets to pass from generation to generation**

DISCLAIMER

These materials are for informational purposes only and not for the purpose of providing legal advice. Please contact a licensed attorney to obtain advice with respect to any particular issue or problem.