



FIDUCIARY CONSIDERATIONS

Considering a trust as part of your wealth planning?

Three topics to understand as you start your trust planning

Like other sound financial management and stewardship tactics, trusts are about planning for the future and planning for the ones you love. While you may think of trusts primarily as a part of planning for what happens to your wealth when you die, you may also want to consider trust planning for reasons that make sense throughout your life's progression. Understanding the three topics below can help you decide if, when and how to incorporate trusts into your wealth planning.

1) Benefits of trusts

When thinking about whether a trust may benefit you and your family, it is helpful to think about what your goals are and how a trust may help you achieve your goals. Trusts have many benefits, including:

- Managing assets now, during disability and at your death
- Reducing or avoiding taxes
- Avoiding probate
- Protecting assets
- Benefiting charity

2) Important trust terminology

As you consider the various ways in which a trust might be useful in your family's overall wealth plan, it is important to understand what a trust is and how it functions. A trust is a legal entity that is created when you transfer property to a trustee for the benefit of someone. When creating and administering a trust, it is important to understand terminology related to trusts, including:

- **Grantor** – The person who creates the trust; may also be called the settlor, donor or trustor
- **Trustee** – The individual or entity that assumes responsibility for the management and distribution of the trust assets and adheres to the duties owed to the trust beneficiaries
- **Beneficiary** – The individuals and/or organizations that may enjoy the use of the trust assets subject to the terms of the trust
- **Trust situs** – The location where the trust is administered
- **Trust assets** – The assets owned by the trust, which may include cash, stocks, bonds, insurance policies, real estate and almost any other type of asset
- **Trust terms** – The instructions for administering the trust provided in the trust document by the grantor

3) Types of trusts

There are many different types of trusts that can be used to accomplish a variety of wealth planning objectives. The following types of trusts can be combined into a multitude of arrangements to meet those objectives:

- **Lifetime trust** – A trust created during your life; may also be called an inter vivos trust
- **Testamentary trust** – A trust created under a will that does not come into existence until your death
- **Revocable trust** – A trust that you can amend or revoke
- **Irrevocable trust** – A trust that you cannot amend or revoke once the trust has been established

Trusts are complex planning strategies that need the guidance and expertise of an estate planning lawyer. They're also flexible, powerful and customizable ways to help protect your assets and your family and to make transferring your assets more efficient. **For more information on including trusts in your wealth plan, visit our [Fiduciary Considerations resource page](#).**

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