

# When do you need a living trust?

Living trusts are flexible, versatile, asset-management tools that can offer long-range value in a variety of financial and family circumstances. But they aren't for everyone. We would be pleased to answer any questions about what, specifically, a living trust might accomplish for you and your family. For starters, you should find this introduction helpful.

To create a trust, you, the *grantor*, transfer cash, securities or other assets to a *trustee*. You give the trustee—us, we'll assume—legal ownership of the assets in the trust while retaining the beneficial interest for yourself or others.

A *trust agreement*, prepared according to your direction, provides us with instructions about how we are to manage the trust's assets and how you wish the income from the assets and the assets themselves to be distributed. The agreement can be changed in any way that you wish, at any time, and the trust itself can be cancelled if you find it necessary (hence, its formal name, the *revocable* living trust.)

That's the basic blueprint. Now let's look at why you might want to establish a living trust.

## **1. When you are looking for professional portfolio management**

The information age has not made the job of investment management any easier. We are living in a time in which conventional wisdom can turn on a dime; last year's hot tips are this year's losers; and the uncertainties of tax and regulatory changes cast an ambiguous shadow over the best-laid plans.

A living trust allows you to delegate the important job of managing your investments to professionals who have made a full-time career of portfolio supervision for accounts of all sizes.

## **2. When you need a contingency plan**

Should you become ill or incapacitated, either temporarily or permanently, the trustee of your living trust can step into your shoes, managing your portfolio as you yourself would. And the trust agreement can call on us to do much more than manage your investments. A trustee can be directed to use assets to pay household bills and taxes, for example. In a time when your loved ones are apt to be burdened by concerns other than financial ones, they will have the

confidence of knowing that professionals are managing the family's finances in your absence.

### **3. When you want to avoid unwanted scrutiny**

A will offers no degree of privacy. It is a matter of public record. Because a trust is a private document it may be able to escape public scrutiny. (Assets in a trust also may avoid the delays and costs associated with probate proceedings.)

The privacy aspect of a living trust is especially comforting when an individual becomes incapable of managing his or her financial affairs. The publicity, time and expense of a formal conservatorship proceeding are avoided when a living trust has been put in place.

But a living trust is not a complete substitute for a will. In almost all cases, there will be some property that you own that you will need to leave to your heirs by will.

### **Our promise to you**

We will give you the information that you need to make an informed decision about how a trust arrangement can be tailored to meet you and your family's needs. When you name us to serve as the trustee of your trust, we will use our knowledge and experience to make certain that the directions you provide are carried out exactly as you tell us, in an objective and unbiased manner.

We look forward to telling you more about the role that a living trust can play in your family's financial security today, and in the future.

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Any developments occurring after January 1, 2014, are not reflected in this article.