

Q & A: Living trusts

For centuries, living trusts have been a popular management tool for the preservation and growth of one's assets. Living trusts offer a remarkable degree of flexibility, helping people achieve their needs for today as well as for tomorrow. And for planning for the future, for coping with the unexpected. For maintaining financial security for loved ones and for organizing one's assets in an efficient manner. Not to mention the peace of mind that comes with having a solid plan in place for the management of one's wealth.

We often are asked questions about living trusts. We would like to share a few of the more common ones with you:

1. Is it difficult to set up a trust?

No. You start by discussing your financial concerns and investment goals with a trust officer or other wealth management professional along with your attorney, who will prepare the trust agreement.

2. What does the agreement say?

Generally, the agreement delineates that you, as grantor (creator) of the trust, are transferring assets to a legal entity (the trust) to be administered by a named trustee. A typical trust agreement arranges for income from the trust assets to be paid to a spouse (the income beneficiary) for his or her lifetime and then, after, to children (remainder beneficiaries).

3. Do I give up permanent control of my assets when I set up a living trust?

Absolutely not. The beauty of a living trust is that it's revocable at any time. What's more, you are able to make changes to your trust agreement as family, economic or investment circumstances dictate.

4. Who makes the investment decisions with regard to the assets in the trust?

Many people look for objective, unbiased portfolio supervision because they lack the time or specialized knowledge to do all the necessary investment homework themselves. We would be pleased to act in that capacity. But you may delegate as much or as little investment responsibility as you wish. For instance, you may spell out your goals and requirements in

your trust agreement and leave the specific investment decisions to an investment advisor. Or you may ask that proposed investment changes be submitted for your approval. Or you may choose just to ask for recommendations and do your own research as well.

5. How much must I transfer to the trust?

Many people mistakenly believe that trusts are only for the very rich. But the great majority of people who set up trusts don't classify themselves as rich, and they don't have multimillion-dollar trusts. Many of them set up a trust when they sell a business, receive an inheritance or want to safeguard a retirement nest egg.

6. Why should I pick a corporate trustee rather than name an individual?

Briefly put, a corporate trustee has the financial strength, investment management capabilities, reliability and responsiveness to meet your needs. We would be glad to explain more about the benefits of a corporate trustee, as well as the many benefits that a living trust can offer you and your family. Please feel free to contact us at any time.

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Any developments occurring after January 1, 2008, are not reflected in this article.