

TRUSTS & ESTATES NEWSLETTER



LIVING TRUSTS

SPRING 2010

LET YOUR LEGACY SHAPE YOUR LIFE

Living Trusts are becoming more popular as a method for avoiding probate and planning for the future. We have been rethinking their benefits and believe there could be something in it for you.

Lars and Kyra had kind of a blah feeling about their estate planning. Yes, they had done their Wills years before, but couldn't remember what the dry language said. Their kids were now adults, with mixed results—the first grandchild was fun, but one of the other kids was in a rocky marriage. Updating their estate planning was something they should probably do, but it didn't seem to have much to do with their current lives and they didn't plan on dying soon.

But they went to see their lawyer anyway, and part of the conversation was about Living Trusts. After a bit of conversation and thinking, they grew to like the idea:

1. A Living Trust is essentially a different way of doing one's Will. If properly implemented, it can avoid the cost and trouble of a probate. Once the Living Trust is signed, Lars and Kyra can identify all their assets and transfer most to themselves as trustees. In the event of a death or disability, the trustee (including successor trustees) already has title to assets and can transfer them to named heirs without involvement of the Court. It's especially a plus for those who own property out of state and want to avoid a second probate.
2. A Living Trust in many cases allows a smoother transition of asset management in the event of disability than heavy use of a Durable Power of Attorney.
3. What really caught their attention, though, was the privacy of a Living Trust and the resulting ability to say things one wouldn't want in a publicly filed Will.
 - They can describe their present holdings, including for instance what life insurance there is and where to find it.
 - They can list key contacts for several needed kinds of assistance (insurance person, accountant, lawyer, etc.).
 - They can suggest an approach to investment and spending to the surviving spouse and the kids.

(continued on opposite side...)

The GTH Trusts & Estates Group provides individual and family estate planning to clients throughout the Puget Sound area. We strive to provide superior, personal service by preparing wills, trusts and other contingency-plan documents tailored to each client's unique needs. We also analyze and help to carry out lifetime personal planning arrangements, advise those administering estates, trusts and guardianships, and help to resolve disputes among heirs and with taxing authorities. Our group includes a Certified Elder Law Attorney, two former CPAs and two masters of taxation law.

QUESTIONS?

To discuss this update or any other aspect of your estate planning, please contact the attorney with whom you work or any of the following members of our Trusts & Estates Group.

JULIE DICKENS, CHAIR
jdickens@gth-law.com

KIMBERLY ANDERSON
kanderson@gth-law.com

LAWRENCE R. GHILARDUCCI JR.
lghilarducci@gth-law.com

BROOKE A. JOHNSON
bjohnson@gth-law.com

LISA KREMER
lkremer@gth-law.com

ALAN D. MACPHERSON
amacpherson@gth-law.com

ANDREA H. MCNEELY
amcneely@gth-law.com

EILEEN S. PETERSON
epeterson@gth-law.com

SANDRA J. ROVAI
srovai@gth-law.com

THE TRUSTS & ESTATES GROUP

Gordon Thomas Honeywell LLP
Tacoma: (253) 620-6500
Seattle: (206) 676-7500
Toll-free: (800) 240-5051

(continued from opposite side...)

- They can give a gift to charity after both their lifetimes and explain to their kids why this is important.
- They can leave their beach place in a trust with some money for expenses and state their desires for how it will be operated.
- They can put a portion of their kids' inheritance in trust until a later-than-usual age and give a loving explanation why.
- They can illustrate roughly how their assets would be allocated among charity and kids (and maybe taxes), giving all a clearer picture of what's intended.
- They can put in a blunt no-contest provision to discourage conflict.

4. And now, having articulated their legacy much more effectively than before, they are likely to find it reaching into their lives and shaping and energizing them a bit more:

- The process of identifying assets and transferring them to the Living Trust will make Lars and Kyra more informed of their financial life. They might decide to simplify and reduce their number of accounts.
- They might renew their commitment to their charitable legacy and find out how their efforts and bequests can do more good.
- Because they have prioritized their wishes for ongoing family use of the beach home, they might recommit to its maintenance, improvement and use.
- And having pictured the effect of their estate on their kids and grandkids, they might have a greater desire to pass on some of their financial wisdom.