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Upcoming Seminars:

WHEN: May 15
@ 6:30 pm—Dessert!

WHERE:

Talon Grill in Lacey

WHEN: Sat,
June 8 @ 10:00 am

WHERE:

Shoreline Library

WHEN: June 13
@ 12:00 pm—Lunch!

WHERE:

PWP Office

WHEN: Sat,
June 25 @ 7pm

WHERE:

Kingsgate Library

PLANNING WITH PURPOSE, INC THE LAW OFFICE OF PAUL H. GRANT

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Are Trusts Really Necessary?

BY: PAUL H. GRANT, JD LL.M

One of the most fundamental issues I encounter is the age old struggle of trust versus will. Specifically, in light of Congress recently making a “permanent” change to the estate tax code, there are many who believe that the age of the trust is dead. Also, considering that Washington has a relatively user-friendly probate system, many ask, why not just spend less money and use a will?

First and foremost, the issue between a trust and will is always an issue of counseling. Until an attorney knows your goals, desires, family dynamics, and much more, it is impossible to have a simple boxed answer. A will may be a suitable decision for your needs, but until you understand the full consequences and risks a will presents, it is foolish to presume that a will is “just as good.”

Here are some of the most common statements I hear as an estate planner:

A trust is for the rich: the catalyst of the trust movement was a direct result of the Federal estate tax. The simplicity of an A/B trust (marital trust, bypass trust, safe harbor trust) was designed to take advantage of the tax system. However, over the past decades, trusts have become so much more. Yes, they still can protect estates from the tax monster, but that is only one piece of the picture. Most individuals greatly value protecting an inheritance in the following ways: * to a spouse from unexpected life issues * so money is always available to the remaining spouse to ensure their provision * so an inheritance will pass down the blood line * from being taken if a son or daughter

experiences financial or marriage difficulties * from undue administrative hassles * from probate * from a child or grandchild that is unable to properly manage money or has an addiction issue * or, to assist a child or grandchild that may require public assistance due to poor health or a special needs .

A will cannot address these desires but only give money outright, often times wasting an heirs inheritance. Trusts are not just for the rich, they are for those who desire to protect their family in an uncertain and unpredictable world. A trust is not about how much money you have, it is about how you desire to pass your earthly possessions to those you leave behind.

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LEGAL TECHNICAL

Community Property is often misunderstood but plays a vital role in the estate planning process. The ideology behind community property is to protect a non-wage earning spouse from being disinherited by a wage earning spouse. In a separate property state, a person can essentially disinherit their spouse, leaving only statutory minimums for the remaining spouse to inherit. To avoid this issue, community property law gives an equal interest in all property accumulated during a marriage. This includes retirement accounts, property, businesses, life insurances, and anything else of monetary value. In addition, Washington gives community property rights to domestic couples and other “marriage like” relationships.

Community property can have significant effects upon the proper disposition of your estate plan, including what life insurance proceeds are unprotected and what community debts become a remaining spouse’s liability. These are often complicated intricacies that need to be discussed and accounted for to ensure that your estate plan properly accomplishes your goals.

A trust is complicated: managing a trust during your lifetime is very similar to having a will with one major difference: your trust owns your possessions instead of you. When a trust properly owns all assets, it assists to potentially avoid probate at death and continue to manage assets if someone becomes incapacitated. When properly funded (the process of ensuring that your trust owns all your assets) a trust is more easily administrated than probate and often times less expensive! Many people decide to utilize a trust because it is more quick to administer after someone's death than a will. In addition, it provides immediate access to all funds for those who are dependent upon you for support. However, all of this is determined by whether or not the trust owns all your assets. Many trusts still encounter probate because the trust is too rudimentary or all assets were not properly titled. A review of your trust and its assets is always necessary to ensure it will accomplish your goals. Or, rather than reviewing, joining the PWP Legacy and Maintenance Program ensures a trust will operate as designed.

Although a trust has more pages and is a thicker document, it is not more complicated. It is designed to address both incapacitation and death, and therefore simply has more volume. Because we can address many other concerns, there are more pages that give instructions about our desires. But a will is only a death document and cannot include "living" instructions. Therefore, a will can only dispose of assets outright. As such, a will simply tells us who gets what and leaves all other concerns to the personal representative.

A trust is too expensive: it is absolutely true that there is a greater cost upfront for a trust compared to a will. But value is only gauged upon what someone believes they are receiving in return. The age old idiom is true: you get what you pay for. However, the decision to do estate planning right or cheap is a value that is passed to those left behind. "Right" is the mechanism, or combination of tools, that accomplish our goals and best protects those we love. It still amazes me that most people lose sleep, blood, sweat, tears, relationships, and much more to accumulate, grow, and preserve wealth, then believe that the final step will take care of itself. I see it every day. What price is too high to protect your spouse? Is there a price too high to make sure your kids are prepared and smoothly transition upon losing a parent? Detailed, strategic, and personal planning always saves money, reduces administrative strain, and assists those who are left with the responsibility.

So what step is right? That is a personal answer that requires assistance from an attorney who focuses on estate planning. At Planning With Purpose, our goal is to create plans that meet a client's expectations, goals, and desires. In addition, through the PWP Legacy and Maintenance Program, trusts are fully funded and operating at an optimal level giving clients the greatest peace of mind. If your plan needs to be reviewed, we would be honored to assist you and begin the process of designing a plan that meets all your needs and protects your loved ones for generations. Give us a call or visit us for more information at 425-939-9948 or www.planningwithpurposeinc.com.

PWP Legacy and Maintenance Program

Invitations to our annual PWP Legacy and Maintenance Program client evening have been sent out! Several important updates will be discussed as well as an opportunity to hear how the firm is maturing. There will be time for questions while enjoying dessert! Be sure to find out more about our Maintenance Program that will always keep your plan operating at an optimum level all while setting the industry standard of guaranteed success that your plan will operate as designed.