



Providing Peace of Mind by Solving Problems with Integrity & Compassion in the following areas:

ESTATE & BUSINESS PLANNING • FAMILY LAW • REAL ESTATE

IT'S THE LAW!

Why Funding Your Trust Is Like Filling a Bucket

Many of our new clients are confused about Trusts. How do they work? Do I have enough money to warrant establishing one? Once established, what does it take and how much does it cost to maintain it? That confusion can lead to a lack of action, or partial action, either of which can subject the Estate to potential creditor attack or having to commence Probate proceedings.

Basics first: A Trust in 'legalese' is a fiduciary arrangement in which a third party who you choose ("Trustee") holds, manages and distributes your nest egg on behalf of your designated beneficiaries (the people whom you want to "get your stuff"). What that means is, your nest egg is held and managed by your trusted 3RD party for the benefit of your beneficiaries until it is time to distribute to them.

You might be picturing a very wealthy family establishing a Trust for its heirs and creating *Richie Rich* type Trust fund babies for generations. But Trusts aren't just for the wealthy. In fact, most of our clients are middle income adults who want to ensure their family avoids Probate; or he/she/they wish to protect a beneficiary who has *Special Needs*, is not good with money, has a substance abuse problem, is going through a Divorce, has a medical problem, or multiple other scenarios. A Trust allows the Trustee to protect hard-earned life savings, whatever the amount, to make sure that your beneficiary, and not the beneficiary's creditor or ex-spouse, receives the earmarked money.



Think of a Trust like a bucket that can hold many types of assets including cash, stocks and bonds, securities, life insurance policies, real estate, tangible personal property, corporate or LLC interests, cryptocurrency and almost anything else you can think of that has value. Once those assets are in the bucket, the Trustee can protect them from the things that could threaten your beneficiary's receipt and enjoyment. Without the Trust, the beneficiary might receive the assets (say, from a beneficiary designation on a bank account) immediately after your death, but at an inopportune time (in the midst of a divorce, when the beneficiary is deep in debt, etc.). During your lifetime, if the Trust takes effect upon your passing, there is no cost to maintaining it. Upon death, having a Trust limits the attorneys' fees to be incurred because you typically don't need to seek Court approval to sell a house or liquidate an account since the Trustee already is vested with that authority.

If you elect to establish a Trust, but then fail to *fund* it (i.e., by failing to put the assets in the bucket), then your partial action won't be enough to shield your loved ones the way you desired by establishing the Trust. Not funding the Trust is like carrying around an empty bucket. After you've gone to the effort of creating a bucket for your beneficiaries, make sure you fill it with the assets you wish to protect. Your beneficiaries will thank you for helping them avoid Probate and for shielding them from forces outside of their control – and you'll have peace of mind knowing you made it happen.

Retirement assets, Trusts and beneficiary taxes



While you can name your Trust as a beneficiary of your IRA account(s), it is important that before doing so you receive advice from your tax consultant as to the pros and cons in order to avoid unknowingly burdening your beneficiaries with additional income taxes when the required minimum distributions are disbursed.

Our Office



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REAL ESTATE

Community Association Law • Residential & Commercial Transactions • Deeds • Closings



Attorney Adam S. Gumson of JUPITER LAW CENTER graduated from *Duke University (1988)* and the *University of Florida College of Law (1991 with Honors)*. In addition to preparing and reviewing Contracts, he primarily handles matters involving *Estate and Business Planning (including Wills, Trusts, Durable Powers of Attorney, Health Care Surrogates, Living Wills, Succession Planning, Contracts & Purchase/Sale Agreements)*, *Probate Estates, Family Law (Divorce, Custody, Alimony, Timesharing, Same-Sex relationships, Pre/Postnuptial Agreements, Modification actions and Collaborative Law)* and *Real Estate (Community Association, Residential/ Commercial Transactions, Deeds, Closings)*. He is married and resides in Jupiter with his wife and three children.

(561) 744 - 4600

1003 West Indiantown Road • Suite 210 • Jupiter, FL 33458-6851