

TYPES OF TRUSTS

Although there are many types of personal trusts, most trusts exist to care for a family member or loved one. The term “Grantor’s Intent” is often used by Trustees as a measure to set goals for the trust and its beneficiaries. Some expressions of Grantor’s Intent include describing a lifestyle for the beneficiary to maintain, specifically providing for the education of a beneficiary, protecting a beneficiary

with spending or addiction problems, and setting milestones at which a beneficiary may receive distributions including age or milestone related triggers. Possible beneficiary’s rights reflecting Grantor’s Intent include the right to change a Trustee, to receive income only or draw from principal, or specific withdrawal rights.

REVOCABLE LIVING TRUST

A trust created during a Grantor’s life that can be changed, amended, revoked or terminated. Often the Grantor acts as Trustee and can invest and use the trust assets. Assets in this type of trust are not removed from the Grantor’s estate for tax purposes nor are they protected from the Grantor’s creditors. This trust provides for a successor Trustee to manage the trust assets on the Grantor’s incapacity or death. When the Grantor passes, this type of trust contains instructions for the distribution of trust assets as would a will, but the trust assets aren’t subject to probate.

IRREVOCABLE TRUST

The oldest and most common type of trust. The trust cannot be revoked. It is used to transfer assets, during the life of or at the passing of the Grantor.

Assets placed in this type of trust cannot be used by the Grantor and are excluded from the Grantor’s estate for probate and estate tax purposes.

The Grantor, his or her spouse, or other beneficiaries keep the right to receive periodic payments, as established by the IRS, with the remainder of the assets of the trust going to one or more charities.

SPECIAL NEEDS TRUSTS

Protects and benefits a child or other heir with special needs without losing State or other benefits to which the Beneficiary may otherwise be entitled. It often limits distributions to items not provided by State programs.