

PLACE
STAMP
HERE



ESTATE PLANNING:

**WHAT IS A TRUST
AND WHY DO I
WANT ONE?**

*“I want to leave my children enough
that they feel they can do anything,
but not so much that they do
nothing.”*

- Warren Buffet

Boppre Law Firm, PLLC
2151 36th Ave. SW. Suite B
Minot, ND 58701

Are there different kinds of trusts?

Yes! There are several different kinds of trusts, ensuring that one will fit your unique estate planning needs. However, there are two that are most common: Living and Testamentary:

Living (or Inter Vivos) Trusts

- Established during the grantor's lifetime.
- Property transferred into the trust soon after establishment.
- *Revocable* (can be revoked or changed by the grantor at any time) or *Irrevocable* (generally cannot be revoked or changed).
- All Living Trusts become irrevocable at the grantor's death.

Testamentary Trusts

- Usually created by the grantor's will and become effective at his death
- Irrevocable
- Sometimes used to manage property for minor children

Other Types of Trusts

- Marital Trusts
- Non-Marital Trusts
- Medicaid Trusts
- Qualified Domestic Trusts
- Life Insurance Trust
- Credit-Shelter Trust
- Custodianship

What is a trust?

Trusts are flexible, useful tools in estate planning. They can help families meet various estate planning objectives, such as:

- Reducing probate costs
- Providing property management for a spouse or children
- Giving children their inheritance during a period of time
- Providing for the incapacity of oneself or others
- Reducing estate taxes

What is involved in a trust?

- A **grantor** or **trustor**: the person who sets up the trust.
- A **trustee**: the person who manages the trust.
- A **trust agreement**: rule or instructions for how the trust can operate
- **Property**: The principal of the trust placed either at the death of or during the lifetime of the grantor.
- **Beneficiaries**: the people who receive the income from or the trust itself such as a spouse or children.

What happens when I pass away?

- If you have a Testamentary Trust, the trust goes into effect according to your wishes.
- If you have a Living Trust, when you pass away, the Trustee continues to manage the Trust. The courts do not have to be involved. There's no probate, so less headache and no probate delays or costs. It's also private. Because you transferred property into the Trust during your lifetime, your estate will not be a matter of public record.

So why do I want a trust?

There are potentially many reasons! Here are some of the most common:

- It allows you to care for a surviving spouse or minor children without burdening them with the management responsibilities of property ownership.
- It can protect your assets for your estate and children in the event your spouse remarries.
- It can also be written to care for you in a specific way if you become incapacitated or unable to manage your property.
- Ultimately, because it ensures your estate and your successors will be cared for exactly as you directed.

Have more questions or want to set up a trust? Let us know!

Boppre Law Firm, PLLC
701-852-5224
or contact us online at
bopprelawfirm.com