

## *TRUSTS*

### **WHAT ARE TRUSTS?**

Trusts are contracts between the maker and the trustee for the benefit of the maker or a third party.

### **CAN THE MAKER NAME HIMSELF TRUSTEE?**

Yes. However, if the maker names himself the trustee, there may be adverse tax consequences.

### **CAN THE BENEFICIARY BE THE TRUSTEE?**

Yes, but this may defeat the purpose of the trust, and it may have negative tax results.

### **IS IT ADVISABLE TO NAME SUCCESSOR TRUSTEES?**

Yes. Successor trustees should be named to provide for the management of the trust in the event of the inability of the primary trustee to serve as trustee. This will also avoid the need to go to court to have a successor named.

### **AFTER THE TRUST IS CREATED, CAN IT BE CHANGED?**

Yes, but only if the trust is revocable. If the trust is irrevocable, it cannot be changed. Because irrevocable trusts cannot be changed, more care must be exercised in creating them.

### **CAN TRUSTS BE CREATED TO MANAGE PROPERTY?**

Yes. Trusts can be used to manage property until the beneficiary gets old enough, mature enough or able to manage the property. Management trusts, trusts for minors or disabled individuals, and standby trusts are examples.

### **CAN TRUSTS BE USED TO SAVE TAXES?**

Yes. Through the proper use of trusts, significant tax savings can be accomplished. Examples of tax motivated trusts are education trusts, marital trusts, charitable trusts, generation-skipping trusts and bypass trusts.

### **DO BOTH REVOCABLE AND IRREVOCABLE TRUSTS PRODUCE TAX SAVINGS?**

No. Generally, only irrevocable trusts accomplish tax savings.

### **CAN TRUSTS PROVIDE CREDITOR PROTECTION?**

Yes. When a trust is correctly drafted, the assets of the trust can be protected from the creditors of the beneficiary.

### **HOW CAN ADDITIONAL INFORMATION ABOUT TRUSTS BE OBTAINED?**

If you would like additional information, please do not hesitate to contact us.