

CHECKLIST

Setting up a trust: 5 steps for grantors/parents

The exact process for setting up a trust will vary based on what assets you want to include in the trust and who is set to receive the assets. Here are some initial questions to ask yourself as the grantor of a trust to kickstart the process:



1. Identify what assets will go into the trust.

- If you're contemplating setting up a trust, you likely already have an idea of what assets you want to include. Will it be cash, stocks, bonds? You can also include real estate in a trust, such as your home or a business property .

2. Identify who will be the beneficiary/ beneficiaries of your trust.

- You can set up your trust so that any number of people receive your assets, from children or your spouse to a foundation or charity that you support.

3. Decide on stipulations for your trust.

- One of the benefits of a trust is that you can set parameters for how you want the funds or assets to be distributed.

It's good to start thinking of these parameters now and talk to a qualified estate planning attorney or your trustee about how they can be executed as you wish.

4. Set up an appointment with your potential trustee.

- Perhaps the most important step of the trust process will be choosing your trustee. While it's possible to choose a friend or family member to manage your trust for you, choosing an unbiased third-party trustee (like a bank) has several benefits.

During your appointment with your potential trustee, bring up any questions you may have about the trust administration process and how it might work, based on your thoughts about your family situation. Feel free to ask questions about possible drafting options, potential tax implications and other issues before you meet with your attorney to save time and cost in the drafting process.

5. Create a power of attorney for property and healthcare.

- Consider creating a power of attorney for any property or assets held outside of your trust. If you become disabled or unable to make decisions regarding these assets prior to your death, this person will be able to legally manage the assets for you.

A healthcare power of attorney may also be advisable; this person would be able to make medical decisions on your behalf if you can't make them for yourself.

Setting up a trust: 3 steps for beneficiaries

It's ideal for beneficiaries to understand the terms of a trust prior to the death of the grantor. But in many cases, those financial discussions don't happen. Here are a few key steps that can simplify the process, so it goes as smoothly as possible.

1. Prepare for your trust meeting.

- If the grantor's trust goes into effect upon the grantor's death, the trustee will need to have the death certificate to start the administrative process. The trustee may have other requests or questions for you if additional assets need to be gathered.

The trustee will typically work closely with you, the grantor's attorney and the grantor's other advisors (such as a tax accountant) to finalize funding the trust and start the administrative process.

2. Meet with the trustee.

- The trustee will contact you to set up a meeting to go over the details of the trust documents. During this time, it's important to understand your rights when it comes to these assets. Be prepared to ask any questions you may have.

Ask the trustee to explain the details of the trust and what the provisions are for who receives the assets and how they can be used. Your trustee should help communicate why the trust was set up the way it was and will need to administer the trust in accordance with the grantor's wishes.

3. Expect to wait for assets to be distributed.

- Every trust is unique; that's why it's important to ask what you are entitled to within the trust. If assets will be distributed to you, it could take anywhere from six months to two years for them to be distributed. Or, if there are age provisions around distribution, you may need to wait until you reach a certain age to receive funds from the trust. The trust may be a lifetime trust for you with other provisions applicable at your death.

Talk with the trustee about these details so you know what funds you can use and when they become available.

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