

Protecting Your Heirs: Trusts and Your Estate Plan

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We've all heard the story: A husband or wife dies and, in a will, bequeaths his or her entire estate to the surviving spouse outright. However, due to financial inexperience--or the bad advice of their friends, relatives or broker--the surviving spouse makes unwise investments, loses money, or squanders the substantial nest egg that was intended to provide lifelong financial security.

Such scenarios are all too common in estate planning because many people fail to acknowledge the ability--or inability--of their beneficiaries to prudently manage and productively invest their inheritances. If your beneficiary is inexperienced, unable to follow a budget, prone to accepting bad advice, otherwise incapable of managing or unwilling to manage a large sum of money or substantial investments, leaving such assets outright to that beneficiary is an invitation to financial calamity. A trust can help protect the interests of your beneficiaries who are minors or who are financially inexperienced, thus ensuring your estate will be distributed precisely as you have directed.

A trust can offer you and your beneficiaries several other benefits. It is especially useful in providing asset management when you want a long-term trust to support several generations of beneficiaries. The assets held in a trust can help protect against losses from lawsuits, divorce and bankruptcy cases involving your beneficiaries. Your trust can be as flexible as you desire. For example, you can utilize the trust principal to manage your beneficiaries' medical and educational expenses, as well as maintain their lifestyle. It may also reduce the probate expenses and maintain confidentiality in settling your estate.

But merely establishing a trust cannot ensure that a trust will provide financial security for your beneficiaries. Unless you appoint a qualified trustee, the benefits of a trust may not be fully realized. We believe, if you name an experienced asset manager or corporate trustee as trustee of a trust, your assets will be professionally invested and managed on behalf of your beneficiaries according to the general guidelines you have established. Further, your assets will be distributed pursuant to your wishes. With this process, you can transfer the administrative and investment burdens of asset management from your beneficiaries to your trustee.

Unlike many beneficiaries, professional, qualified trustees won't become distracted by personal or business concerns. As a result, the administration of your trust will continue without interruption. Not only can a professional trustee supply extensive investment and asset-management knowledge, but he or she also can help manage important administrative tasks, including:

- Safeguarding the trust's investment assets
- Maintaining records of all transactions involving trust assets
- Distributing trust income and principal according to your will's directives
- Reporting to the probate court when necessary

- Providing detailed statements of account and tax reports to your beneficiaries

Help make sure your heirs are protected according to your wishes. A financial advisor can help you create an estate plan that meets your needs, and if you establish a trust, it is important to appoint a professional trustee who can help carry out the details of your trust as you desire.

Scott White helps families develop and implement successful estate and financial plans. Recognized as one of the top financial planners in the U.S. by the Consumers' Research Council of America, Scott is a Certified Financial Planner™, a Chartered Financial Consultant, a Chartered Life Underwriter, and holds a master's degree in business administration. He is past president of the Southwest Florida Chapter of the American Society of Financial Service Professionals, past president of the Lee County Estate Planning Council, founding president of the Planned Giving Council of Lee County and a member of the Financial Planning Association Southwest Florida Chapter. Scott served on the National Committee on Planned Giving's Leave a Legacy committee. He specializes in meeting the comprehensive financial and estate needs of high net worth families. For more information, visit <http://www.scottwhiteadvisors.com/>. Scott White Advisors is located at 1510 Royal Palm Square Boulevard, Fort Myers, Florida 33919; telephone (239) 936-6300. Securities offered through Raymond James Financial Services, Inc., member, NASD/SIPC.