

HOW TO SET UP A TRUST

Securing Your Financial Legacy

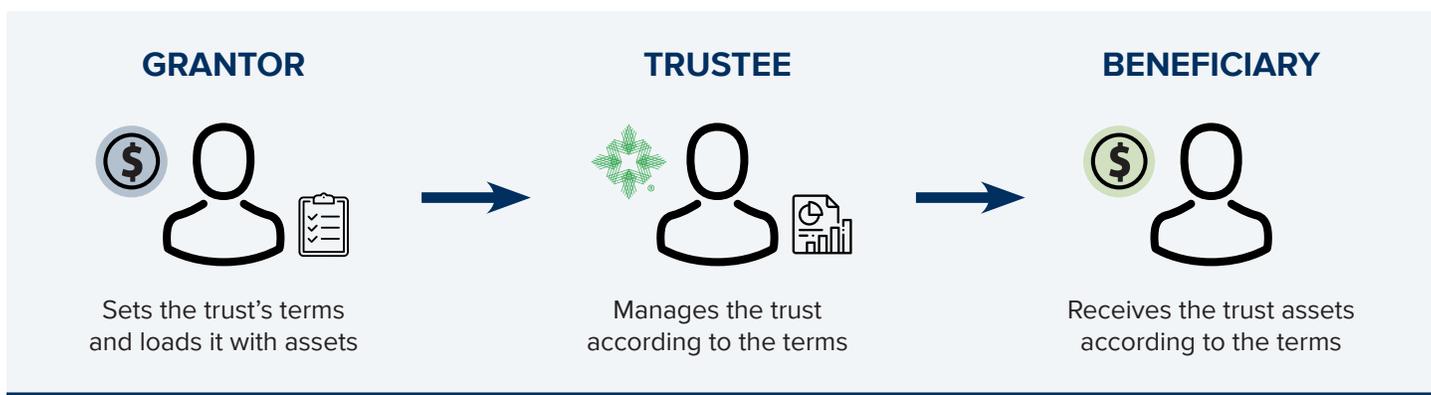


Trusts are flexible legal entities you can use to gain control over your wealth. From charitable giving to tax mitigation strategies, trusts achieve a variety of asset management goals. The only question is: *How do I set one up?*

In this handout, we'll give you a quick rundown on trusts so you know which type to pick. Then, you'll learn how you can work with a trustee to set up a trust for yourself.

STEP 1 | UNDERSTAND TRUSTS

No matter what type you're using, trusts have three main "players": the grantor, the trustee, and the beneficiary.



As the grantor, you're in charge of picking out the right type of trust, setting the trust's terms, and loading it with the right assets. You're also in charge of choosing the right trustee.

STEP 2 | PICK THE TRUST THAT'S RIGHT FOR YOU

There are two main types of trusts: *Revocable Trusts*, which have modifiable terms; and *Irrevocable Trusts*, which cannot be altered after establishment. Other, more specific types of trusts offer differentiated benefits, but they all fall under one of these two umbrellas.

Irrevocable trusts offer powerful tax advantages because they reduce the size of your taxable estate. There are many types of irrevocable trusts, all useful for different estate planning purposes.

POPULAR IRREVOCABLE TRUSTS:

Charitable Remainder Trust: Beneficiaries receive income from trust assets, and then the remainder goes to charity.

Irrevocable Life Insurance Trust: Removes life insurance policy death benefits from your taxable estate.

Grantor Retained Annuity Trust: The grantor receives a fixed annuity from trust assets, and then the remaining assets pass to beneficiaries at reduced tax rates.

Special Needs Trust: Provides assets to a beneficiary with special needs without disqualifying them from government benefits.

STEP 3 | CHOOSE THE RIGHT TRUSTEE

The trustee is the person or entity you appoint to manage your trust. They have a legal obligation to act in your best financial interests and must adhere to the terms of trust and relevant laws. Choosing the right trustee is a critical decision in the establishment of your trust.

Above all else, your trustee must be dependable. Working with a professional trustee with a proven track record and strong financial acumen can take your trust from effective to outstanding. When you work with Wealth Enhancement Trust Services, you gain access to a comprehensive trust management team that helps you get the most out of your trust.

DIRECTED TRUSTS FOR ENHANCED CONTROL

Wealth Enhancement Trust Services offers a flexible approach to trust management known as a “directed trust.” In this arrangement, the trust splits the traditional role of a trustee into three distinct functions, allowing specialized advisors to apply their respective expertise.

ADMINISTRATIVE TRUSTEE



Takes title to assets, maintains accounts, files taxes, and follows trust terms.

INVESTMENT ADVISOR



Directs and controls investment decisions related to marketable trust assets.

DISTRIBUTION ADVISOR



Determines when and how assets are distributed to beneficiaries.

With the right design, your trust can provide you with a worthwhile tax advantage, maximal control, and priceless peace of mind.

CONTACT US FOR MORE INFORMATION

To explore how you can add a trust to your estate plan, contact your [Wealth Enhancement Group financial advisor today](#).