



Types of Trusts

By Pamela Fleener, Vice President & Senior Trust Officer

There are many types of trusts that can help you meet your estate planning goals.

A trust is typically written along with a will. The will is still necessary to ensure your goals for the trust are met. Such a will is called a pour-over will and is designed to add the assets that have not been transferred into the trust at your death. This will allow those assets to be administered in accordance with the terms of your trust. It still may be necessary to open probate if assets *are not* in your trust name at your death. Therefore, it is very important to monitor your assets on an ongoing basis and make sure assets are titled appropriately.

REVOCABLE TRUST

Also known as a "living trust", this trust is one that is created during an individual's lifetime. It provides a vehicle to hold and manage an individual's assets during their lifetime and transfer those assets to their beneficiaries after death. A Revocable Trust is very flexible and *can* be changed, amended or revoked at any time by the creator.

IRREVOCABLE TRUST

This type of trust is one that, once created and funded, *cannot* be changed, amended or revoked by the creator. The grantor transfers legal title of the property to the trustee, who is responsible for administering that property for the benefit of the trust's beneficiaries.

An Irrevocable Trust funded with life insurance is one way a grantor can provide support and/or liquidity that may be needed upon death. The funds are excluded from the grantor's estate but are available to provide for surviving beneficiaries or to pay estate taxes that may be due.

TESTAMENTARY TRUST

This trust is established as part of your will and becomes effective after your death. A will that creates a Testamentary Trust allows the grantor to place assets in trust, name a trustee to manage those assets and give instructions for distributing the assets for the benefit of one or more individuals. These trusts can have many names including: Bypass Trust, Family Trust, Children's Trust, Residuary Trust or QTIP (Second Marriage Trust). Testamentary Trusts are typically created to provide support for surviving spouses, children or family groups.

SUPPLEMENTAL NEEDS TRUST

If an intended beneficiary is a recipient of Medicaid, SSI or other governmental assistance programs, an outright gift or a gift in trust may disqualify the beneficiary from continuing to receive such assistance. Supplemental or Special Needs Trusts can be designed so that distributions are made only to "supplement" the benefits already being received. As long as distributions made by the trustee are discretionary and not mandatory, the trust assets and trust distributions are not, under most programs, considered disqualifying resources.

Our staff can work closely with you and your attorney to assure the documents that are drafted will effectively meet your needs. To learn more, please call or email to set up an appointment.

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