



A trust representative office of National Advisors Trust Company, FSB

Monthly Update for Administration of Trusts from a Trust Administrator's Perspective.

It is our hope that our Monthly Update will be helpful to you and your clients to better understand the administration of trusts from a Trustee's viewpoint.

September, 2017

SUMMER'S OVER!

Now that summer is over, the kids are back in school, and with summer vacations behind us, I am resuming my newsletters. This month's topic involves minors and possible events you may wish to consider.

CONSIDERATION FOR MINORS

A common desire for parents with adult children is to pass the assets of the parents down to the adult children after the parents become deceased. However, very difficult issues can arise when an adult child of the parents dies prior to the parents. Many times the parents would want the deceased child's share of the estate to be distributed among the deceased child's surviving children or surviving issue. While such a desire is common, experience has taught that sometimes the parents fail to take the possibility of their child dying before them into consideration when they drafted their estate planning documents.

When drafting their estate planning documents, the parents should take into consideration all of the possible "what ifs", just in case an unexpected death occurs. For example, the parents should consider the age of their grandchildren who would be inheriting the deceased child's share. Another issue the parents should take into consideration is the maturity level of their grandchildren.

The parents should consider including provisions in their estate planning documents such as in a Last Will and Testament or a Trust whereby the assets that would have been distributed to the parents' adult child, if that child

had lived, will remain in trust for the benefit of the deceased child's children. Many times the age, maturity level, or lack thereof, are a source of great concern to parents.

With properly drawn Trust provisions, the parents can be assured that the share their grandchildren will ultimately inherit is initially protected from the grandchildren's creditors, bankruptcy trustees, and predators who may attempt to gain the confidence or trust of the grandchildren. By retaining the assets in trust, it will also prevent the grandchild from having the ability to commingle ownership of the inherited assets, thus making those assets a marital asset subject to a divorce proceeding.

The Trust provisions can instruct the Trustee to pay direct all expenses incurred by the grandchild for the grandchild's living expenses, thus ensuring that the grandchild's standard of living is maintained without placing the assets at risk of loss.

The Trust provisions would require the assets to be held in trust until a certain event occurs, such as the grandchild attaining a certain age, which presumably, by that time, the grandchild would have matured enough to sufficiently protect him or herself from creditors, divorce proceedings, and to be able to manage the inheritance without supervision.

SOME FACTORS TO TAKE INTO CONSIDERATION

When making distributions, the Trustee may take into account one or more of the following conditions as applicable:

- The character, habit, experience, needs, best interests and welfare of a Beneficiary;
- The aptitude, progress and diligence of a Beneficiary in acquiring a college, professional or graduate education;
- A Beneficiary's ability to conserve, manage, and utilize property and money usefully and prudently;
- The prudence of augmenting the individual assets or income of a Beneficiary;

The prudence of maintaining and paying commonly incurred expenses, such as automobile insurance, medical/health insurance, etc.

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WealthTrust Oklahoma is the Oklahoma Trust representative office of National Advisors Trust Company, FSB, which currently has more than \$11 billion under administration. We hold a federal charter and are independent.