

PROTECTING YOUR FAMILY WITH A FAMILY TRUST

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Careful parents realize that a will allows them to choose guardians to take care of their children's physical needs, should something happen to both parents. In addition, a will that contains a properly executed family trust can flexibly take care of the children's monetary needs even under changing conditions.



WHAT IS A TRUST?

A trust is a legal mechanism where a giver, or "grantor,"

- 1) leaves money to help a future beneficiary or beneficiaries;
- 2) leaves instructions for how that money is to be used; and
- 3) chooses a trusted caretaker (trustee), who will be able to care for the monetary needs of the beneficiary or

beneficiaries even under changing circumstances. A trust can "stand alone" as an independent document, or it can be added to another document such as a will. When parents of minor children visit an attorney to get a will drafted for them, the attorney may draft a will containing a trust.

THE FAMILY TRUST: A family trust, added to a will, is designed to extend the care, savings and values of the parents to the children if tragedy strikes and the parents die while the children are still minors.



CARE: As directed by the family trust, the trustee gives each of the children funds only when needed according to their own particular requirements and circumstances, much as the parents would. And the family trust typically directs the trustee to spend the trust funds on needs important to the parents, not on frivolous purchases. For example, typical family trust language directs the trustee to pay at the trustee's discretion for each child's "health, education, maintenance and support."



SAVINGS: Instead of the parents' will giving their savings to their children directly, the family trust is designed to hold the parents' savings for the children in a protected "common pot." The children do not start receiving the balance of the trust, or trust principal, until the age, which the parents designate in advance, when they think the children will be mature (for example, age 25, 30 or 35 years old, or whatever the parents choose). In addition, the drafting attorney typically makes sure that any life insurance proceeds from the parents flow into the family trust, instead of to the children directly.



VALUES: If the parents can't be around for their children, they can at least have selected a trustee in advance who shares their hopes and values and will take a parental approach to providing for the children's needs. By selecting a trustee and guardians for their children who share their values, parents who utilize a will with a family trust provide their children with the best chance of success should the unthinkable happen.



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