

Letter To Our Trustee

The foundation of most all well-drafted estate plans is a trust. It is common in large, multi-generation estates that around 90% of a family's wealth is held in trust. Yet, when asked the question "Do you feel that the trusts of which you are a beneficiary are more a burden or blessing?" around 80% of the respondents choose burden. Wait...What?

You read that correctly. In the remarkably insightful book, Family Trusts, A Guide for Beneficiaries, Trustees, Trust Protectors, and Trust Creators authors Hartley Goldstone, James Hughes and Keith Whitaker point out that most trusts are crafted primarily to avoid taxes, maintain grantor control, and protect beneficiaries from creditors. These trusts merely transfer assets from the parent's balance sheet to the child's balance sheet. Often, when heirs receive their inheritance in trust, they think "Dad didn't trust me!" or "He's still trying to control me from the grave!" On the other hand, true "gifts with spirit" are made freely and received freely.

This letter is designed to 1) convey to a trustee the spirit of your gift, and 2) share with your children your reasons for establishing a trust.

Dear Trustee,

Thank you for serving as trustee for our children. It is our hope that the relationship will be mutually beneficiary to both you and our children.

After reading our trust documents and the accompanying letters, you will soon realize our estate plan is quite different from the plans of most clients with whom you work. A Roman philosopher, Seneca, stated, "The manner in which a gift is given determines the manner in which it is received." It is our experience that many, if not most, people leave money in trust in an attempt to prevent their children from becoming spendthrifts. In other words, to protect children from themselves.

That is not our situation nor our intent. Our children are mature adults who have proven themselves to be financially responsible.

We trust their judgement. However, none of them has education or experience in managing large sums of money. While our trust documents set out "standards" (health, education, maintenance, support) for distribution, it is our wish that you be liberal in interpreting those standards. We want you to act more as a "mentor" than "gatekeeper."

Each child has his/her own trust and unique family situation. One may determine to consume the trust assets in their retirement years while another may wish to preserve and grow the assets for their heirs. Yet another may wish to gift portions of their assets to charity. Please work with each child closely to understand their personal situation and intentions and take time to teach them about money management and alternatives to achieve their goals. While we desire the protection a trust provides (attacks by creditors,

bankruptcy, divorce, chemical dependence, incapacity, etc.), we expect your relationship to be one of collaboration with each beneficiary.

Throughout our adult lives we have worked closely with professional advisors who understand our intentions regarding our estate plan and our family. It is our hope that you will continue to work with these advisors.

Lastly, thank you for accepting this responsibility and for implementing it in the spirit of helping our children each achieve self-fulfillment.

Sincerely,