

## Why We Established Trusts For You

*Many beneficiaries mistakenly believe that their parents “lock up” their inheritance in trusts because their parents don’t trust them. This letter explains that parents set up trusts because they love their children and want the trust to lessen the burden of sudden money.*

Dear children,

Since you are already mature, responsible adults, you may be surprised to learn that we put the bulk of your inheritance in trust for you. We want to explain our logic.

- **Creditor Protection:** We live in a litigious society and people with wealth are often sued. A trust will protect the assets for your benefit.
- **Privacy:** A trust provides a certain amount of protection from those who would prey on people coming into sudden wealth.
- **Administration:** The trustee will keep track of the assets, file tax returns and handle any legal requirements.
- **Management:** Pooling your assets under the management of a single trustee, at least initially, will yield economies of scale. Trustees are “fiduciaries” and must invest the assets solely for your benefit. It is our hope that the trustee will also act as a mentor to you, helping you gain confidence in money management, expenses, taxation, etc. Having a huge sum of money simply dumped on you with no direction can be overwhelming. A professional trustee can help you integrate the new wealth into your life, so it is less disruptive to you.
- **Multigenerational:** You may choose to pass all or a portion of your inheritance to your children and/or grandchildren. Under current tax law, having the property in trust allows you to do so without incurring additional estate taxes.
- **Flexibility:** Finally, these trusts have been drafted to provide you protection and the flexibility to meet your individual needs.

In an accompanying “Letter of Instruction” to the trustee, you will gain clearer insight on how we intend these trusts to be administered.

Love,

Mom and Dad