



Trust Selection Cheat Sheet

A trust is a legal entity created by a **grantor**, where a **trustee** is appointed to manage and oversee assets on behalf of future **beneficiaries**. Trusts offer a structured way to **distribute assets, minimize tax liabilities, and protect wealth from legal challenges**.



Irrevocable Trust

- Permanence:** Difficult or impossible to change
- Asset transfer:** Grantor relinquishes control
- Tax advantages:** Estate, gift, and income tax
- Protection:** Strong shield against legal
- Legacy:** Enables multi-generational transfer



Revocable Trust

- Flexibility:** Retain ability to modify
- Control:** Assets remain under grantor's control
- Tax implications:** No immediate tax benefits
- Protection:** Limited, as assets are still grantors
- Privacy:** Offers probate avoidance/confidentiality

Decision Factors



Business Succession
Controlled transfer of ownership and tax implications



Investment Management
Consider the impact on our ability to manage and grow



Tax Optimization
Offsetting estate tax liabilities by potentially giving up control



Regulatory Environment
Factor in potential changes to tax laws or regulations



Family Dynamics
Define how trust structures align with family governance



Control & Planning
Maintain flexibility or relinquish control



Asset Protection
Watch for high-risk professions with complex business interests



Philanthropic Goals
Goals may align while providing tax benefits

Roles & Responsibilities



Grantor

- Creates and funds the trust
- Decides level of control required
- Acts as the first trustee
- Maintains control over assets (Rev Trust)
- Gives up control and ownership of assets (Irrev Trust)



Trustee

- Manages trust assets according to terms
- Fiduciary duty to act in the interests of beneficiaries
- Keeps accurate records and provides accountings
- Makes distributions to beneficiaries as specified
- Files tax returns for the trust (if required)



Beneficiary

- Receives benefits from the trust
- Has the right to information about the trust
- May have rights to request accountings
- May have more immediate and defined rights
- Could have tax responsibilities for trust income

