



UNCOMMON TRUSTS

BY RICHARD UMANOFF, CPA, MBA

In this article, we'll discuss uncommon trusts that can be utilized.

Other Trusts That Can Be Established

BLIND TRUST

The trustees of a blind trust manage the assets in the trust without the beneficiaries' knowledge. The beneficiaries have no input into how the assets is handled. This trust is helpful if conflicts are likely to arise between the trustees and beneficiaries, or among the beneficiaries themselves. The beneficiaries do not receive any prior information or knowledge of the assets in the trust.

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SPENDTHRIFT TRUST

A spendthrift trust is useful if you believe your heirs will squander their inheritance because it allows you to specify when and how your beneficiaries may access assets designated to them. For example, you could state that beneficiaries may only receive income earned by the assets rather than access the full principal amount of the assets.

TOTTEN TRUST

A Totten trust is also called a payable-on-death account. You deposit money in a bank account or other security and name a beneficiary for the account who will inherit the funds upon your death. This kind of trust is revocable and the beneficiary doesn't have access to the accounts while you are alive.

ASSET PROTECTION TRUST

As the name would suggest, an asset protection trust (APT) is the best type of trust to protect your assets against creditors, legal disputes, or judgments against your estate. This type of trust account allows the trustee to hold your assets, so that they are protected from taxation, divorce, bankruptcy, and other judgment creditors.

CONSTRUCTIVE TRUST

A constructive trust is applied by a court when it determines that a party secured possession of assets unfairly, which is referred to as "unjust enrichment." The court creates a constructive trust which is considered an "implied trust" since the grantor didn't establish it during their lifetime. The purpose of a constructive trust is to transfer assets intended to go to someone else to the rightful owner(s).

GENERATION-SKIPPING TRUST

If you would prefer your estate to go to your grandchildren rather than to your children, you can set up a generation-skipping trust. By transferring the assets to your grandchildren instead of your children, the assets avoid estate taxes. However, you have the option to give your children access to income generated by those assets.



PET TRUSTS

Trust created for non-human beneficiaries where you appoint someone and provide assets to care for your pets after your passing. You outline rules and guidelines for the trustee to follow. Doing so will ensure that your pet's needs will be taken care of for their remaining lifetime.

Note: Any changes to your estate plan must be drafted by your attorney.

About KROST's Estate and Gift, Trust, and Probate Services

Our estate planning team assists with the transition of family wealth and estate succession. Our team of experts has over 80 years of combined experience working with family-owned and privately held companies, as well as high-net-worth individuals. Our primary goal is to assist individuals and their attorneys to effectively transfer wealth while minimizing unnecessary estate, gift, and generation-skipping taxes. In addition, we can coordinate all of your Trust, probate, and estate planning needs to ensure a smooth transition while minimizing emotional, tax, and administrative burdens.

We are offering a [free preview](#) of the planner for download. Schedule a call to assess your situation for access to the full book.

There is no better time to start, and it is never too early.

Would you like assistance with your Estate Plan? [Richard Umanoff](#) and [Doug Venturelli](#) are available to review your current estate plan, provide recommendations, and consult with your estate attorney.

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