As parents, we want our children to have everything they need. Determining exactly *what* they need is often the greatest challenge.

Whether your children are very young, close to adulthood, or long out of the nest, a trust can often be the best way to ensure that they receive the resources that they need. However, different types of trusts work best in different situations. To find the right solutions for your family, it is a good idea to schedule a consultation with an estate planning attorney who is willing to take the time to define your needs and goals before prescribing a solution. At The Nordhaus Firm, we focus on clients instead of documents, so we can work with you to see what you want to accomplish and whether a trust is the best way to achieve it. Here are some general factors to keep in mind.

You Can Include a Testamentary Trust in Your Will

One of the easiest ways to protect your children with a trust is to include provisions in your will that create a trust when you pass away. This is known as a testamentary trust. It does not take effect until your will is probated, so it can't provide any assistance or protection during your lifetime.

Many times, parents with young children will incorporate a testamentary trust in their wills to provide for the management of the property their children would receive if the parents die before the children reach an age where they are old enough to handle their own finances. However, a testamentary trust can be set up for other purposes as well.

Revocable vs. Irrevocable Trusts

When discussing trusts, it is important to understand the distinction between revocable and irrevocable trusts. As the name implies, a revocable trust can be canceled. It can also be changed easily, and property put into the trust can be removed. This makes revocable trusts very flexible. When you create a revocable trust, you can make yourself the primary trustee and primary beneficiary so you can

use and control the trust property. However, this type of trust does not offer as much protection. It can enable a successor trustee to manage your property in case you become incapacitated, and it can allow your property to pass to loved ones without the need for probate, but it provides no protection from creditors or tax liability.

An irrevocable trust is much less flexible, but that gives it more protective strength. In most cases, if you set up an irrevocable trust and transfer property into it, you cannot remove the property, control the property, or change the terms of the trust. Instead, another party will serve as trustee to manage the property and distribute it to beneficiaries according to the terms of the trust. Because property in an irrevocable trust does not belong to either the person who created the trust or those who are beneficiaries of the trust, their creditors cannot try to take the property in the trust, and the trust property is not attributed to them for tax and other purposes.

Ways to Benefit Your Children with a Trust

Estate planning attorneys can set up trusts in many different ways to accomplish different purposes. A few of the ways you might use a trust to benefit your children could include:

- A spendthrift trust to protect assets you want to give to an adult child who is still learning to manage money responsibly
- A special needs trust to allow an individual with special needs to receive benefits without losing their eligibility for government programs such as Medicaid and SSI
- A Medicaid trust to conserve assets for your children while you establish eligibility for Medicaid long-term care benefits
- A revocable trust to prevent your children from needing to deal with the complexities of probate after you pass away
- An education trust to set aside money for college or other educational needs

Instead of figuring out the best trust to use, it makes sense to break down your goals and review the different options for accomplishing those goals. One or more

trusts might be the best answer, but there could be other estate planning solutions as well.

Find Out More About How a Trust Could Help Your Children

Trusts can be confusing, especially with all the different options available. If you'd like to learn more about the benefits a trust could provide and how trusts operate, we'd be happy to talk to you about it. Just schedule a free consultation by calling 214-726-1450 or contact us online.