UNDERSTANDING YOUR

Irrevocable Family Trust

An irrevocable trust is a legal agreement that transfers ownership of your assets to a trustee, who then manages and distributes them according to your wishes. Trusts, including "irrevocable trusts" can be used for a variety of purposes. An irrevocable family trust created by the Stinson Law Firm is designed to protect your assets from the costs of long-term care. It also allows your family to pool assets to be used for family purposes during your lifetime.

IMPORTANT TERMS

GRANTOR

The Grantor of a trust is the creator of the trust. For your Trust, you are the creator of the Trust, and therefore you are the Grantor of the Trust, and you will transfer assets into it.

TRUSTEE

The Trustee of a trust manages the trust, makes decisions regarding the use of trust assets, and makes distributions pursuant to the terms of the trust.

BENEFICIARIES

A trust exists for the benefit of the beneficiaries.

While you are alive, the income and principal beneficiary of your Trust may receive distributions at the Trustee's discretion.

Upon your death, the remaining trust assets will be distributed to the remainder beneficiaries.

WHAT ARE THE BENEFITS OF AN IRREVOCABLE FAMILY TRUST?

One of the main benefits of creating an irrevocable family trust is that it provides a layer of protection for your assets. By transferring ownership to a trustee, your assets are no longer considered part of your estate and are therefore protected from creditors, lawsuits, and other potential threats. This can be especially important when planning for long-term care, as the costs of nursing homes and assisted living facilities can quickly deplete your savings and assets. Assets in the irrevocable family trust are protected from long-term care costs and can be used by your family to cover family expenditures.

In addition to protecting your assets and achieving family goals, an irrevocable family trust can also offer some privacy benefits. Unlike a will, which becomes a public document when it goes through probate, the terms of a trust can remain confidential. This means that your family's financial affairs can remain private and out of the public eye.

DO I LOSE CONTROL OF THE ASSETS IN MY TRUST?

It's important to note that creating an irrevocable family trust requires careful planning and consideration. It's not something that should be entered into lightly, as it involves giving up control over your assets. Before deciding whether to create an irrevocable family trust, it's a good idea to consult with your attorney to ensure that it's the right choice for your situation.

You have no control of your assets once they have been transferred into the Trust. Rather, these assets have been protected for the benefit of your beneficiaries.

FUNDING YOUR
Irrevocable Family Trust

Your assets must be transferred into your trust to achieve its objectives. This is commonly known as "funding your Trust."
To transfer assets to your trust, you must execute new documents of title, deeds to real property, signature cards for your bank accounts, or change of beneficiary forms for pension plans, individual retirement plans and life insurance.

WE CANNOT OVEREMPHASIZE THE IMPORTANCE OF HAVING A FULLY FUNDED IRREVOCABLE TRUST.

If you, as Grantor, do not transfer assets into your Trust, such assets will not be protected for VA Pension or Medicaid eligibility purposes.

We are available to assist with answering questions and addressing concerns related to the initial trust funding for thirty days. After thirty days, questions regarding your irrevocable trust may result in additional fees and charges.

Trust Funding Letter

Upon the execution of your Irrevocable Trust, you will be given instructions, along with a letter detailing:

- Which assets you should transfer into your trust.
- Which assets you should change the beneficiary to the trust.
- Specific instructions on how to transfer each asset.
- General administration of the trust.

The trust funding letter has details pertaining to your specific estate plan, as well as answering most frequently asked questions. You should provide a copy of this letter to the trustee and refer to this letter when questions arise.

WHO IS RESPONSIBLE FOR FUNDING MY TRUST?

Transferring assets to a trust is an important step in estate planning. It ensures that your assets are protected and distributed according to your wishes after you pass away. However, it is important to remember that you are ultimately responsible for making sure all of the appropriate assets are transferred to your trust. This includes any property, investments, and accounts that you want to be included. It may require some effort on your part to make sure everything is properly titled and the necessary paperwork is filed. But the peace of mind that comes with knowing your assets are protected and will be distributed as you intended is well worth the effort.

DO I NEED TO FUND MY TRUST IMMEDIATELY?

The transfers made into the Trust are subject to a 3-year look back period for VA pension eligibility and a 5-year look back period for Medicaid eligibility purposes. Therefore, depending upon the amount of assets used to fund your Irrevocable Family Trust and other factors relating to Medicaid eligibility as required by Federal and Indiana law, you might not qualify for Medicaid benefits for a full 5 years after the month in which your Irrevocable Family Trust is funded.