

Trusts & Trust Protector Information

If you have a family trust, a unit trust, or any other type of trust structure, your executor needs to know about it.

Trusts are common in the United States, especially for families with businesses, investment properties, or significant wealth. They're used to protect assets, minimize tax, and control how money is distributed to beneficiaries.

But trusts are also complex. And if your executor doesn't understand how your trust works, or who controls it, things can go very wrong very quickly.

This section helps your executor understand your trust structures and know who to contact for help.

What is a trust?

A trust is a legal arrangement where assets (money, property, investments, businesses) are held by a trustee for the benefit of beneficiaries.

Think of it like this:

- The trustee is the legal owner of the assets (they hold them "in trust")
- The beneficiaries are the people who benefit from those assets (they receive income or capital)
- The Trust Protector (or principal) is the person who controls the trust (they can hire and fire the trustee)

People use trusts for different reasons, and depending on the type, a trust may help with things like avoiding probate, managing assets for others, or planning. Whether a trust offers any tax or asset-protection benefit depends entirely on its type and your situation, so that's a conversation for your attorney and accountant.

Types of trusts in the United States:

Families set up trusts in many different forms, and the right structure depends on your goals and your state's law. How a trust is taxed and what it can do varies a lot, so don't rely on a general description here, ask your attorney or accountant what type of trust (if any) fits your situation.

Unit trust. Similar to shares in a company. Each beneficiary owns "units" in the trust, and income is distributed according to how many units they own. Less flexible than a discretionary trust, but more predictable.

Testamentary trust. This type of trust is created in your Will and only comes into effect after you die. It's used to protect assets for young children, beneficiaries with disabilities, or to manage tax-effectively.

A self-directed IRA is a retirement account, so note it in the Retirement Savings section rather than here. If you're unsure how to record any of your accounts, your accountant or plan provider can point you to the right place.

What's a Trust Protector, and why does it matter?

The Trust Protector is the person who controls the trust. They have the power to:

- Appoint (hire) and remove (fire) the trustee
- Effectively control who benefits from the trust

Some trusts name a 'protector' or similar role with powers over the trustee, but not all do, and what happens if that person dies depends on the trust document and your state's law. If your trust has a role like this, note who fills it and ask the trust's attorney what should happen next, so there's no gap.

If you're the Trust Protector of a family trust, you need to specify in your Will who becomes the Trust Protector after you die. Otherwise, the trust deed will determine it (and the trust deed might say something you didn't intend).

WHY THIS MATTERS

If you control a family trust and you don't plan for what happens when you die, your family could lose control of millions of dollars.

Your executor needs to know:

- What trusts you're involved in
- Whether you're a trustee, beneficiary, or Trust Protector
- Where the trust deed is stored
- Who the accountant is (they'll need professional help)

Trusts are complicated. Don't leave your family guessing.

Your Trusts & Trust Protector Information

Trusts don't end when you do. Your executor must know they exist and who keeps them running.

TRUST 1

TRUST NAME

TYPE OF TRUST

TRUST EIN

DATE ESTABLISHED

YOUR ROLE

OTHER TRUSTEES

WHO BECOMES TRUST PROTECTOR AFTER YOU

BACKUP TRUST PROTECTOR

WHAT THE TRUST OWNS

APPROXIMATE VALUE OF ASSETS

BENEFICIARIES

TRUST 1: ACCOUNTANT

Your executor MUST contact the accountant. Trusts have ongoing tax and legal obligations.

NAME

FIRM

PHONE

EMAIL

Your Trusts & Trust Protector Information (cont.)

TRUST DEED STORED AT

FINANCIAL RECORDS STORED AT

TAX RETURNS STORED AT

TRUST 2

TRUST NAME

TYPE OF TRUST

TRUST EIN

DATE ESTABLISHED

YOUR ROLE

OTHER TRUSTEES

WHO BECOMES TRUST PROTECTOR AFTER YOU

BACKUP TRUST PROTECTOR

WHAT THE TRUST OWNS

APPROXIMATE VALUE OF ASSETS

BENEFICIARIES

TRUST 2: ACCOUNTANT

NAME

FIRM

Your Trusts & Trust Protector Information (cont.)

PHONE

EMAIL

TRUST DEED STORED AT

FINANCIAL RECORDS STORED AT

TAX RETURNS STORED AT

TESTAMENTARY TRUST (CREATED IN YOUR WILL)

A trust your Will creates, e.g. to manage assets for children until a set age.

PURPOSE OF THE TRUST

TRUSTEE

TRUST PROTECTOR

BENEFICIARIES

LAWYER NAME

LAWYER PHONE

NOTES: ANYTHING ELSE ABOUT YOUR TRUSTS