

WHO WILL YOU TRUST ABOUT A TRUST?

January 1, 2010

In my work I have many financial conversations. In such conversations, a family will often show me a thick binder that contains their trust. Sometimes they cannot explain why they purchased it. They are confused.

When I examine these binders they often contain one-size-fits-all trusts produced by "trust mills." A trust mill is a sales organization that markets trusts. An attorney is typically involved, but has little or no actual contact with the client.

Families usually buy a trust from a trust mill because a salesperson disturbs them about "probate" and offers relief in the form of a trust. After the sale, an administrative assistant enters the family's information, hits the print button, and puts the documents into the impressive-looking binder for presentation to the client.

The results can be alarming. In the last few years I have discovered:

- A client being pressured to spend \$2,500 to save probate fees of \$1,000.
- A trust mill salesman telling a business owner not to check with his regular advisors on the question of a trust.
- The wrong trust costing a person \$40,000 in unnecessary taxes.
- Trusts sold for two or three times their real value.

Trust mills succeed because people are confused about trusts, which presents an opportunity for ill-informed or overly ambitious salespersons. They latch on to ignorance surrounding the unpleasant topic of death.

In reality, the concept of a trust is easy to understand. It is simply a legal arrangement for taking care of the things you own.

A trusted individual takes care of something for the benefit of someone else. Or, more precisely, a person (Grantor) grants something of value to a trustworthy person (Trustee) who holds and manages it for the benefit of a person (Beneficiary).

As an example, if Dad gives property to Son to care for until Son gives the property to Grandchild, a trust has been created.

Like to talk more? Give Pleasant Wealth Associates a call today.

330.893.2600

Ask for Pleasant Wealth Associates.



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