The Heritage Trust vs. Traditional Beneficiary Designation

The Traditional Method of Passing Monies to Children:

- Revocable Trust or Will
- Children are Beneficiaries

- At Parents’ Death, Inheritance Passes Outright to Children.
- Children have full use of monies.

Disadvantages of the traditional method:
- Subject to claims to creditors
- Subject to claims of spouse in event of divorce
- May be left to anyone by your child, including a second spouse and

Using a Heritage Trust to Pass Monies to Children:

- Heritage Trust
- You are the grantor

- At Parents’ Death, Inheritance Flows into Children’s Trusts

Child A’s Trust
- Child A is Beneficiary and Trustee.
- Child A has access to principal and interest.
- At Child A’s death, remainder passes to Child A’s children (your grandchildren). If he/she has no children, remainder is distributed among your surviving children.

Child B’s Trust
- Child B is Beneficiary and Trustee.
- Child B has access to principal and interest.
- At Child B’s death, remainder passes to Child B’s children (your grandchildren). If he/she has no children, remainder is distributed among your surviving children.

Advantages of the Heritage Trust Method of Passing Monies to Children:
- Child has full use of principal and income.
- At child’s death, remaining monies are passed to his children (your grandchildren) or distributed among your surviving children, thus keeping your assets “in the family.”
- Exempt from claims of spouse in the event of divorce.
- May be exempt from the claims of creditors

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