

# 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.

### **K** 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.

### **K** 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