

# Retirement solution: A living trust

Often, it's not just about having sufficient financial resources to enjoy your retirement. Rather, it may be about having the time to accomplish everything that you wanted, but couldn't, during your working years.

After all, retirement from work isn't retirement from your financial responsibilities. You still must take the time to manage the investments that fund your retirement and that will provide long-term financial security for your loved ones after you're gone. And you will have to devote time to handle the minor, but important, "busywork" that accompanies your everyday financial life.

## Freeing up your time

There is a solution: By incorporating a living trust into your retirement planning, you can lift these kinds of burdens from your shoulders and put professional knowledge and experience to work for you.

When you transfer assets to a living trust, you also are transferring the paperwork and chores that accompany the management of your investments. Not only do you free up valuable time, but you also gain the peace of mind of knowing that even during an extended absence, the right people are at the helm, looking after your best interests. And, of course, allowing professionals to take over decreases the likelihood of incurring costs associated with errors or lapses in tending to the detail work.

Here is a short list of the kinds of responsibilities that you can hand over to the trustee of your living trust:

- The physical protection of your securities and other financial documents from loss, fire or theft.
- The purchase and sale of your securities according to your instructions.
- The collection of dividends, maturing principal and other income from your investments, with remittance or reinvestment of the proceeds as you direct.
- Comprehensive recordkeeping services for documents that will be needed for filing tax returns or for other purposes.

## The benefits of professional investment management

Managing your own investments requires skill, confidence and, when the situation demands, the ability to take quick action. The time to research, review and analyze. All duties that will compete directly with your desire to travel, spend time with your family, improve your golf or tennis game, or even work part-time, if that's your desire.

Many people look to a corporate fiduciary to serve as the trustee of their living trust. They gain the security of knowing that their investments are in capable, experienced hands, and they have the advantage of the guidance of professionals who can help devise an individualized strategy for managing their retirement assets. An asset allocation plan that makes sense for their age and personal circumstances will be developed. And, in implementing that plan, they will have a broad array of investments from which to choose.

When you name a corporate trustee, the investment management services that accompany your living trust can be extremely flexible. You can choose to give your trustee a "tryout" by requesting investment recommendations

but retaining the control to make the final decisions. You then have the option to transfer the decision-making power as you gain confidence in your trustee's management capabilities.

### **A living trust offers much, much more**

*Continuous, long-term financial management.* Your trust agreement can be crafted to provide for the uninterrupted financial support of your spouse or family after your death, according to the instructions that you make part of your trust agreement.

*Estate organization.* Your living trust can be coordinated with your will to allow the unification of your assets in order to provide for more efficient estate management. You can arrange for the distribution of your property to your heirs and create a strategy that will minimize the impact of estate taxes. With such an approach, you may be able to avoid the potential costs and delays of probate and shield your family's finances from public view.

*Protection in the event of disability.* If, for some reason, you become unable to manage your finances for an extended period, you can authorize your trustee to step in for you. In addition to the continuous management of your investments, you can arrange for such practicalities as the payment of your household bills, medical expenses and taxes. You can even arrange for the care needed during your disability. This kind of provision in your trust may eliminate the need for a court-appointed guardian to control and manage your assets.

### **Ultimate control**

Because a living trust is revocable, you can cancel the arrangement at any time. Or you may alter the instructions in the trust agreement to fit your changing needs and circumstances. In essence, you remain in control at all times.

The versatility and benefits offered by a living trust make it a sound choice for many retirees and their families. If you haven't considered making a living trust part of financial planning in retirement, it is well worth exploring. Contact us now for more information.

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Any developments occurring after January 15, 2007, are not reflected in this article.