

As life expectancy in the United States increases, so does the need for educating our clients on the risks of financial exploitation, abuse and potential incapacity. It is important that they have the tools to appropriately plan for the possibility of falling victim to financial scams, coercion by family members, or other trusted persons, in the event they begin to mentally decline, develop Alzheimer's disease, or any other condition that may leave them vulnerable.

As their advisors, we should all be knowledgeable about the tools that exist which will provide some protection in the event they become compromised, as well as help them accomplish their estate planning goals for after death. A Revocable Trust is a legal instrument that accomplishes many of these objectives by naming a Successor Trustee to manage the assets held in trust, thus, reducing the odds of financial exploitation or abuse for our elderly clients. Midwest Trust Company is often named as successor, corporate trustee to act in this capacity.

## SO WHAT IS A TRUST?

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A Trust is a legal document that is funded by the assets of the Grantor whom retains the right to revoke or amend that trust while living and having capacity. During this period, the Grantor often acts as his or her own Trustee. At which time the Grantor dies, or becomes unable to serve as Trustee, the Trust becomes irrevocable, changes can no longer be made to the Trust, and the named Successor Trustee assumes the role of Trustee. A Trust can also make it possible to control how assets are distributed to the Grantor's heirs upon his or her death.

## HOW IS A TRUST FUNDED?

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A Trust is typically funded by titling bank accounts, brokerage accounts, real estate, and other assets in the name of the Trust. By doing this, the Grantor's assets avoid probate, allowing for an easier and more timely transfer of ownership upon death while also allowing the Successor Trustee to manage the Grantor's assets when they become unwilling or unable to do so.

There are some things that a Trust does not protect. For this reason, additional documents may be appropriate.

## A WILL, PERHAPS?

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A Will is where one nominates guardians for minor children. A Will on its own will not avoid probate, however, it will provide an orderly, court supervised, transfer of ownership of any assets that were titled in the person's individual name upon death. Some Wills have Pour Over Clauses if they also have a Trust. A Pour Over Clause provides that any assets that were mistakenly left out of the Trust, will "pour over" to the Trust through the terms of the Will, thus, also avoiding probate.



## POWER OF ATTORNEY

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A Durable Power of Attorney is a legal document that appoints another person to represent them on various financial, tax, or legal issues. A Healthcare Power of Attorney grants authority for healthcare decision for a person unable to do so for themselves. These are very important tools if a client becomes incapacitated. If they are not in place, a probate court will be necessary to establish a conservatorship or guardianship on behalf of the incapacitated person. This process could take some time, and is not very conducive to matters needing immediate attention.

## WHY MIDWEST TRUST COMPANY?

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Midwest Trust Company serves as professional Trustee, Successor Trustee, or Executor (Personal Representative). We can relieve the huge burden, legal or otherwise, that often challenge family members and friends who have been asked to serve. Appointment of a Corporate Trustee can also reduce family conflicts, relieve inexperienced or uninterested appointees of the potential liability and provide everyone involved with the peace of mind that their affairs are being handled by a professional fiduciary that is experienced, insured, and bonded.