What is a Personal Asset Trust?

As is the case with most wills, the majority of people who set up revocable and irrevocable trusts leave their assets outright to their children in equal shares when they die.

So, what's wrong with that?

The beneficiary will have the right to 100% of the inheritance immediately. So will any creditors. If the beneficiary is on government benefits, those may terminate. If the beneficiary likes to gamble, or just can’t save a dime, that money may not last long. Worse yet, if a bankruptcy has been started, the beneficiary is legally required to notify the court and all the creditors that it’s time for them to take your money.

Money not only changes hands, it changes people. Instead of leaving your assets “the easy way” (equally to your children, outright), have you considered protecting that money for them?

The Personal Asset Trust is created by you to protect your life savings for your loved ones.

You establish the trust. You name the terms. You decide who will be in charge and when money should be spent. You can even name your child his own trustee if you wish. So, for example, if your daughter was Mary Jones, the trust would read "Mary Jones, as Trustee of the Mary Jones Personal Asset Trust".

There are a number of good reasons to create trusts for your children today. Just as you've learned about the benefits of a living trust, but in the case of your heirs, there are a number of additional benefits to leaving assets to them in trust. These include:

- Protecting the assets in case of divorce
- Keeping government benefits
- Letting the beneficiary decide when to spend the money, rather than having it taken from them by others

Keeping family money in the family by letting your children use the money for their lives, but ensuring that something is left for your grandchildren. Personal Asset Trusts insulate the inheritance. You can provide income to your children for their lifetimes, you can give them access to the principal immediately or on an extended schedule if you wish.

You can provide a protected inheritance, a "gift with strings attached." Who wouldn't want that in case of financial trouble?

Or you can leave it completely up to your children, allowing them to decide when the protections are no longer necessary. If you want to leave money to young grandchildren, the funds can be held in trust for them, with the Trustee as much as may be needed for their education or support.

If one of your children dies without leaving children of their own, Personal Asset Trust funds can go to your other children - their surviving brothers and sisters. An additional benefit is that, you can use the Personal Asset Trust at a fraction of the cost of an irrevocable creditor protection trust your children may want to establish for themselves. If it were not too late. Not only will they greatly appreciate what you’ve done for them, but it will get them on the right track of planning for themselves and their families.

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