



WILLS

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TRUST THE "TRUST"

When it comes to Estate planning, lawyers have a number of tools in their legal tool box to help clients and families achieve their goals. One of the most important tools is called the 'Trust'.

A Trust occurs when one person (the Trustee) holds property for the benefit of a third party (the Beneficiary).

Occasionally, when parents wish to gift an asset or money to an adult child in their Will, they want to protect that gift to ensure that it remains in the family and doesn't fall into the hands of the child's spouse, in the event that the child's marriage breaks down. This is a concern because, under B.C. divorce legislation, at the time of a marital breakdown each spouse is entitled to a presumptive one-half of all the family assets.

However, if property is held in a discretionary Trust, where only the child and his or her children are named as beneficiaries, the property will not usually be considered a 'family asset' and therefore not exposed to claims by the ex-spouse upon divorce or separation.

A Trust can also be used to provide structure when gifting a large sum of money to a young Beneficiary. If you have a hunch that your grandson might spend his \$25,000 inheritance on motorcycles and Vegas vacations, you may decide to place his money in a Trust, until he turns 35. In the meantime, you can direct the Trustee to pay all his educational-related expenses, give him an annual stipend, and invest the remaining trust capital for his benefit.

Similarly, you can provide for a disabled dependent in the same manner. You may provide that the Trust capital is to be used for disability related expenses, and request that the Trustee consult with the disabled person's support network before making expenditures from the Trust.

As you can see, the Trust is a flexible and efficient tool for providing for your loved ones. Consult with a Wills and Estates lawyer to determine how this tool can work for you.*

Contact Fulton & Company's Wills & Estates Team

if you have any questions regarding wills or estate matters.

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BY DONALD KNAPP



BY LYLE BACKMAN, Q.C.



BY DANIEL CARROLL



WILLS & ESTATES LAWYERS

DON KNAPP	LYLE BACKMAN, Q.C.
DENNIS HORI	NICK WEISER
RICK HENEY	DAN CARROLL

300 - 350 Lansdowne Street, Kamloops, BC Phone: 250-372-5542 Fax: 250-851-2300

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