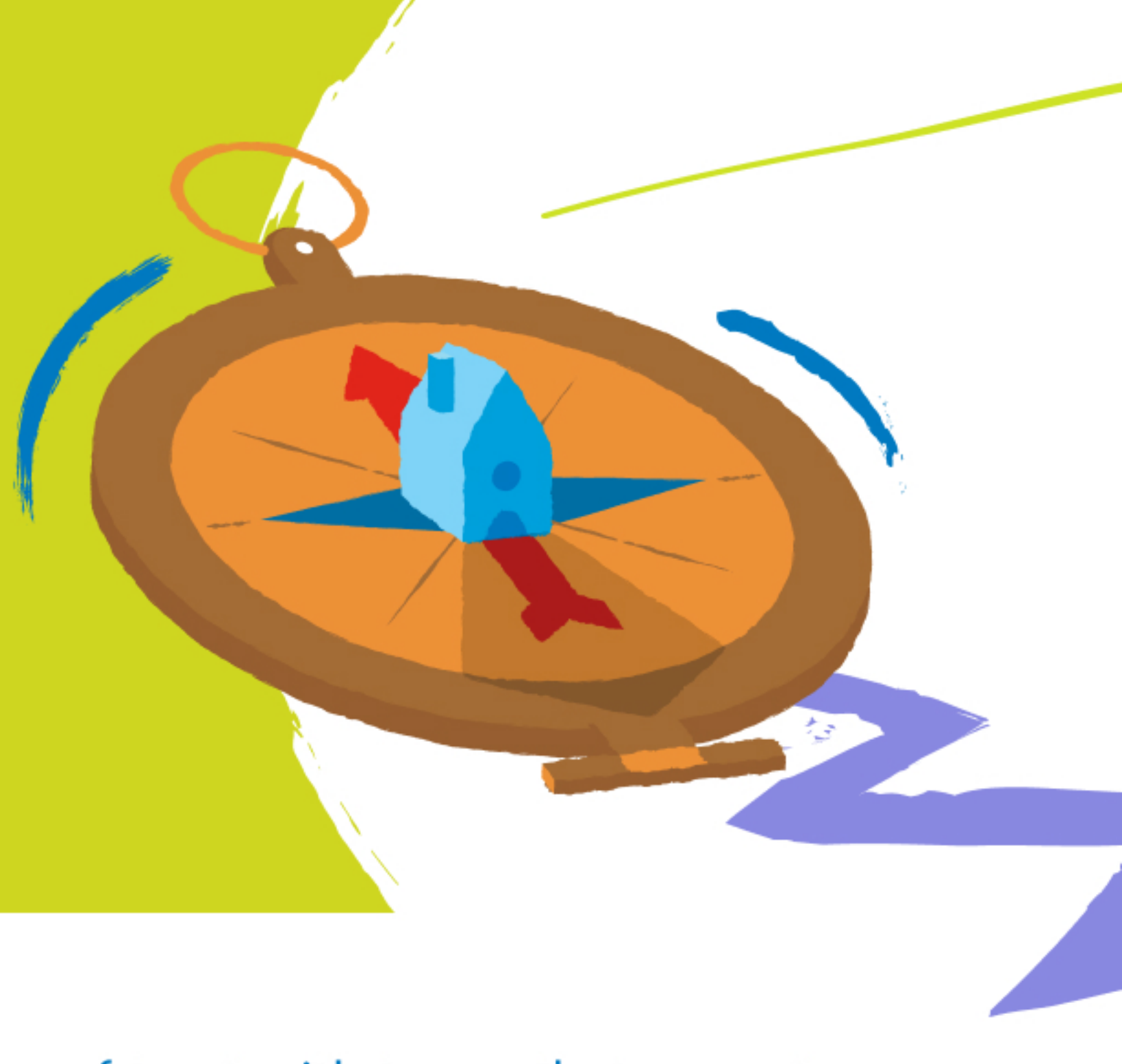


# Three essential checklists for running an irrevocable trust



**ir•re•vo•ca•ble trust** / **n.** 1) a type of trust with terms that cannot be modified or amended by the Grantor. 2) a tool for individuals and families to meet their wealth planning objectives.

## CHECKLIST ONE

### The people

A successful irrevocable trust requires a team of experts and a collection of participants. When everyone works together, the irrevocable trust will run like a successful business.



#### ✓ The Attorney

An attorney will help everyone know their roles and responsibilities.



#### ✓ The CPA

An accountant will help analyze the tax implications of various aspects of the Trust and keep the reporting on track.



#### ✓ The Investment Banker

This person works with the Trustee to handle the investment of trust assets.



#### ✓ The Trustee

This person will function very much like the CEO or the owner of a small business.

## CHECKLIST TWO

### Establishing the trust

Now that you've surrounded yourself with qualified advisors, the trustee will need to follow some basic steps to ensure the trust is established correctly.

#### ✓ Consult the CPA

Your CPA will help you identify the tasks to be done depending upon the trust type. They will also prepare to file the necessary taxes and returns.

#### ✓ Obtain a tax ID number

Either your attorney or CPA will file the necessary forms to establish federal and state tax ID's for the trust.

**IDGT:** intentionally defective grantor trust.  
**GRAT:** grantor-retained annuity trust.  
**SLAT:** spousal lifetime access trust.  
**QPRT:** qualified personal residence trust.

#### ✓ Open bank accounts

At a bare minimum, the trust needs its own checking account. Be sure to learn about FDIC insurance coverage.

#### ✓ Notify the successor trustee

Having a succession plan is smart business for businesses and trusts alike.

#### ✓ Notify trust beneficiaries

Different states have different laws about what information needs to be shared with beneficiaries both initially and on an ongoing basis.

#### ✓ Obtain liability and other insurance

Essential if your trust includes property such as houses, vehicles, and antiques.

#### ✓ Write a letter of intent

While optional, a letter of intent is similar to a small company's mission statement. This will help keep everything on track.

## CHECKLIST THREE

### Running the trust

Once established, the trustee and their team of professionals will need to monitor things. This can be compared to a business reviewing its monthly or quarterly profit and loss statements as well as reporting to its employees.

#### ✓ Manage trust assets

This time-intensive task relates to managing cash and investment accounts.

#### ✓ Handle trust accounting

This is as simple (or as complicated) as tracking the money that comes in and goes out. Delegate this to an expert.

#### ✓ Make distributions to beneficiaries

Depending on the language of the trust, the trustee may make mandatory (required) distributions. The trustee may also make discretionary decisions about how and when to give money to beneficiaries, which means they need to be able to know when and how to say "no."

#### ✓ Regularly monitor the trust

There are many details to keep an eye on. These details include:

- ✓ Determine annually whether the trust is in the best jurisdiction (state) for income tax purposes
- ✓ Monitor trust investments for their performance and safety
- ✓ Check that the trust has enough cash to make anticipated distributions
- ✓ Review trust-related insurance policies at least once a year to be sure they provide adequate coverage

## A successful trust meets all of its goals

As you can see, managing an irrevocable trust well is very similar to running a successful small business. An effective trust requires naming a trustworthy, competent trustee as your trust's "CEO," along with bringing in specialists like an attorney, CPA and other advisors. Finally, ongoing monitoring and reporting will help ensure that the trust meets its financial and other goals. The ultimate payoff: a well-run trust that helps you share your wealth with the people and organizations that are most important to you.



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