



**HOUGUM
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Why Trusts Often Fail

Are you considering adding a trust to your estate plan, but not sure what a trust can do? A trust is an estate planning tool into which you place your assets. These assets are then managed by a trustee selected by you for the benefit of the trust's beneficiaries. There are two essential elements to a trust. The first is the trust itself, which is created through a legal document. This document identifies the purpose of the trust, the trustee of the trust and his or her powers, the beneficiaries of the trust, and the requirements for distributing the trust assets to the beneficiaries. The "corpus" of the trust is the second element of the trust. The corpus is the sum of money or property placed into the trust. Unfortunately, not all trusts are properly set up and end up failing.

Do you have any idea what the main reason is that many trusts fail? You will be surprised! Most trusts actually fail due to inadequate funding. In fact, many people go through the process of hiring an attorney to set up their trust, but then they neglect to follow through on all the necessary next steps that must be taken to fund the trust after the trust is created.

By adding a trust to your estate plan in order to obtain the benefits associated with utilizing a trust, including avoiding probate and simplifying the administration of your estate, you need to be sure that all of your assets are placed into your trust. You may need

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to include retitling your current assets in the name of your trust and remembering to add any assets that are acquired later to the trust in the future. Remember, if you fail to do so and some of your assets are left outside your trust, then your estate will probably need to be probated and your plan to avoid probate through the use of your trust will not work.

Finally, we recommend you work with an experienced Wisconsin estate planning attorney. He will not only help you establish your trust, but will help you understand how to properly fund your trust so that your trust will successfully meet and satisfy your estate planning goals.

We know this article may raise more questions than it answers. We want to help you create the trust you want and need. We encourage you to contact us and schedule a meeting with attorney Alan Hougum today.

Could SLATs Be Right For You and Your Estate Plan?

Are you and your spouse considering adding a Spousal Lifetime Access Trust to your current estate plan? A Spousal Lifetime Access Trust, more commonly referred to as a “SLAT,” is an estate planning tool that you and your spouse may want to use. It allows you to remove up to \$11.6 million from your estate and place it in an irrevocable trust for your spouse and then your spouse can use and access it during his or her lifetime. The SLAT allows your spouse to use distributions from the irrevocable trust while you are both living while simultaneously avoiding the estate tax and isolating those assets from creditors and that is one of the primary benefits.



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However, there are a few precautions that may need to be considered in order to obtain the estate planning and asset protection benefits of a SLAT. First, be sure that there is no express or implied agreement that the party gifting the assets in the trust will get those assets back. It should be clear that the assets in the trust will not be returned to the grantor or the trust will not be viewed as “irrevocable.” Second, the SLAT should not allow the funds in the trust to be used to pay the creditors of the grantor. Again, if the trust allows for such payments, it may not qualify as a SLAT and there may be resulting tax consequences. Third and final, although the beneficiary of the SLAT cannot agree to return the funds to the grantor, the beneficiary can distribute the funds to their children, thereby allowing the assets to remain in the family if the beneficiary spouse should pass away while the trust remains funded. With all these precautions, we would highly recommend that you meet with your Wisconsin estate planning attorney to discuss whether adding a SLAT to your estate plan is a good estate planning tool for you and your spouse.

To find out if you and your family would benefit from a SLAT, contact our office today. We can review your finances and your estate planning goals to help make recommendations regarding the best estate planning vehicles, including SLATs, to preserve your assets for your family and minimize any adverse tax consequences.

We know this article may raise more questions than it answers. We encourage you to contact us and schedule a meeting with attorney Alan Hougum today.



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Attorney Alan Hougum and his compassionate team will help you protect yourself and the people you love with strategic planning strategies, such as wills, asset protection and trusts, powers of attorney, estate trusts, elder law planning, Medicaid crisis planning, Medicaid eligibility and application, probate and estate administration, avoiding probate, charitable planning and giving, special needs, and estate tax planning. Hougum Law Firm, LLC, serves the entire Wausau, Wisconsin area.

Our office is located in Wausau at
305 S. 18th Avenue, Suite 200, Wausau, Wisconsin 54401. Do you have questions you need answered before or after your appointment? Just let us know! Contact us by email at info@hougumlaw.com or call us at 715-843-5001.