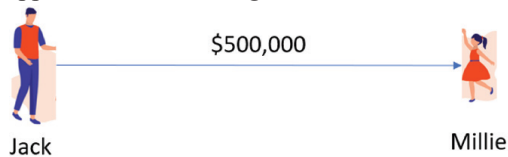


SETTING UP A TRUST:

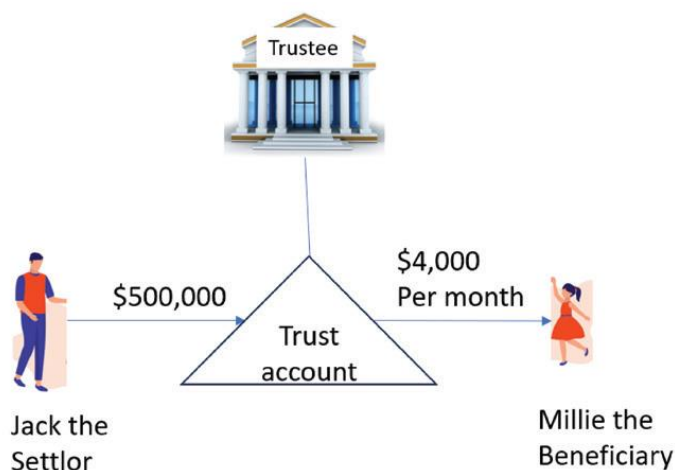
It's Easier than you Think

Does Jack Need a Trust?

Suppose Jack wishes to give \$500,000 to Millie, his 5-year-old daughter.



Millie cannot deal with such a large sum of money. So, he sets up a special type of bank account called a Trust account. He appoints a person called a Trustee to look after the Trust account. Jack instructs the Trustee to give Millie an allowance of \$4,000 a month. In this way, even if Jack is not around one day, the Trustee can continue to benefit Millie.



One of the main roles of the Trustee is to safeguard the monies. You can appoint a family member to be your trustee. You should be confident that your trustee can do the job over a period of many years.

Or you can consider appointing Riverside Trustees. We are a licensed trust company supervised by the Monetary Authority of Singapore. We are duty bound to keep your money matters confidential and safe from unwanted access.

Is This Costly to Set up?

Suppose Jack is married to Maggie with Millie as their only child. He owns one home, all his assets are in Singapore and he has these straightforward instructions:

For Maggie:

Give an immediate gift of \$500,000.

For Millie:

Give \$4,000 monthly allowance until she reaches age 25

Give \$500 monthly for her medical and life insurance

Give up to \$100,000 for any medical emergencies

Give \$100,000 for her first university degree

For the Family:

Transfer his condo into the Trust for his family to live in. In this way, the condo is not sold and safeguarded for his family for as long as they need it.

Based on the example above, Jack can get a basic Testamentary Trust for about S\$1,000.

Conclusion

A Testamentary Trust is a basic trust that every family can afford.

Testamentary Trusts may not suit every family.

LIVING TRUSTS CAN SATISFY MORE PLANNING SITUATIONS

Compared with a Testamentary Trust, a Living Trust is set up during an individual's lifetime (rather than after). While they are more costly to set up, they can accommodate a far wider variety of planning situations. Here are some situations in which a Living Trust is well suited:

You require strong confidentiality	Trust documents and assets can be seen only by the people you allow.	Your family members can view your Testamentary Trust on your passing.
You run a business	Assets that you place inside the trust during your lifetime can be protected from business creditors.	Your assets remain in your name during your lifetime, which allows creditors access to them in the event of bankruptcy.
You have a Person with Special Needs in your family	Assets that you place inside the trust during your lifetime can be fully reserved for your loved one during and after your lifetime.	The assets meant for the Person with Special Needs could have been dissipated by the time you pass away.
You require flexibility in your planning	You can adjust how you manage and distribute your assets anytime during your lifetime easily and affordably through the Letter of Wishes.	You usually need to rewrite your Testamentary Trust each time you want to adjust your plan.
You want peace of mind that your assets would be well managed after your lifetime	By transferring assets into the trust during your lifetime, you can experience and finetune how your assets will be managed after your lifetime.	You will not be able to experience and finetune exactly how your assets will be managed after your lifetime.
You want to safeguard and stagger your CPF savings	You can nominate your CPF savings to a living trust and have a professional trustee stagger payments to your beneficiaries.	It is not possible to stagger your CPF savings over time through a Testamentary Trust.

Conclusion

I left out many technical details in order to focus on sharing the planning ideas above. If you wish to learn more, or If you wish to have a chat with me about your situation, write me at keonchee@riversidetrustees.sg.

We can Zoom or meet at my office – no charge for the first 30 minutes to explore whether we can help. You can also read my book called Planning Your Will, Trust, LPA & More. It's available at major bookstores and on Amazon.