

## 'Trust' Us. You Can Protect Your Assets



Trusts might have a reputation as being a financial vehicle for the wealthy or something that "old money" maintains to keep funds in the family. But in reality, trusts are a smart savings and planning tool. They are affordable, simple to set up with an attorney, and can effectively protect your assets.

Technically, a trust is designed to hold and manage assets on someone else's behalf with the help of a neutral third party. So, a trust includes a grantor, a beneficiary and a trustee. The grantor sets up the trust with his or her assets. The beneficiary ultimately receives the trust fund assets, after the grantor's passing. The trustee manages the assets, acting in the best interests of the grantor. A trust can include cash, stocks, bonds, property and other financial assets.

A trust gives you more control over the terms than other types of estate planning arrangements. Trusts are helpful for those who want to avoid the expense and delay of probate, plan for Medicaid and maintain control over assets that are passed to beneficiaries.

Here are two important points to consider about trusts and why you might want to have a conversation with an attorney at Ritter & Randolph who can guide you through the process and customize a trust fund to suit your needs.

**Avoid Costly Probate.** For some families, a trust fund can be an alternative to a will and gives you more power over the terms. Not only does the grantor of a trust benefit by deciding how the trust will be maintained and distributed, beneficiaries can avoid estate in probate court which is public record and can be expensive and time-consuming.

**The Take-Away:** Trust funds are a more direct way of funneling assets to loved ones after your passing and can prevent beneficiaries from paying exorbitant costs and fees or getting tied up in probate court.

**Plan for Medicaid.** Medicaid regulations require individuals to have less than \$2,000 in their name in order to apply for the benefit. Also, there must be no "improper transfers" within five years prior to the application. That can include transferring real estate, investment funds, monetary gifts or any other asset. This is referred to as the five-year lookback window. For example, if you give \$100,000 to a friend five years and one day prior to applying for Medicaid, this is acceptable. But if this same gift is granted within five years or less, you'll impact Medicaid eligibility.

By establishing a trust fund at least five years before applying for Medicaid, you can protect and manage assets for the future. By setting up a trust fund, you can transfer and keep your assets (before the lookback period), while affording yourself the option to apply for Medicaid.

**The Take-Away:** While you can gift assets before the five-year lookback period, that means you no longer control them. A trust is a safe way to legally transfer assets into an entity that you can manage, along with a named trustee, for the benefit of others. As the grantor, if you want to access these assets while receiving the Medicaid benefit, the trustee has the right to do so on your behalf.



**Plan Now, Benefit Tomorrow.** Let's talk about how you can plan now to protect your assets and create a comfortable future. Contact Justin T. Precht at Ritter & Randolph for a consultation and to learn more about trust funds. Call (513) 381-5700, ext. 7734 or email [lawyers@ritter-randolph.com](mailto:lawyers@ritter-randolph.com).