

Do You Really Want Your Inheritance to Go to Your Daughter-in-Law's Second Husband?

Q: I am leaving assets to my son when I die. It will then become his property. But when he dies, years from now, it will go to his wife. She is a nice person, but how do I know she will leave the assets to my grandchildren?

A: You don't. Your daughter-in-law could outlive your son for decades. You have no idea whether or not your grandchildren will ever get anything.

She may find a new husband, and your hard-earned money may end up going to him, and then his children. If she divorces her second husband, will he get some of the money? She could become heavily involved with a particular charity and decide that organization will receive the money, or a large portion of it.

Or perhaps your daughter-in-law, a well-intentioned person, becomes physically or mentally incapacitated. Health care costs could drain those family assets.

There is an endless list of possibilities that could occur whereby your grandchildren will get nothing, and they are more common than most people care to believe.

What you need to consider is something called a "Transparent" or "Heritage" Trust. Here is how it works: first, you establish your estate plan but do not leave assets outright to your son. Instead, you leave it to your son in a trust. By implementing a transparent or heritage trust, your son will have full control of the inheritance with no one looking over his shoulder. And your son will have the sole discretion to spend the assets for any purpose he desires.

When your son dies, however, any assets in this trust are guaranteed to go to your grandchildren, and no one else. Isn't that better than just rolling the dice?

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