

The Dynasty Trust Is Here

Q: My parents keep mentioning to my sister and me about a Dynasty Trust for our whole family that somehow takes care of our kids, too. What type of planning are they talking about?

A: A Dynasty Trust is a mechanism your parents are considering setting up to help provide for you and your sister during your lifetimes, yet guaranteeing that your children (and even your children's children) are taken care of.

They have become increasingly popular in recent times as way to solidify an inheritance for generations, even if there are subsequent lawsuits, divorces, creditor problems, bankruptcies, and the like.

I have drafted more Dynasty Trusts in the last six months, for example, than in the last decade of practicing law. More and more people like your parents are becoming interested in the Dynasty Trust as another tool in their planning.

Here is what your parents are considering: they are creating a trust agreement for your family; they are funding this agreement with certain assets; and they are setting forth the terms by which these assets are distributed after they are gone.

A Dynasty Trust, however, is very unique from any other type of trust in the way it is funded and in the how the assets are distributed to you and your children. Families use this type of trust as an ironclad device to make sure everyone in the family is protected.

It sounds like your parents are considering doing some proper planning, and it is nice that they have involved you and your sister in the process. Just make sure it really is what you think it is!

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