

Different Kinds of Estate Planning Tools

**By Matthew Crider, JD
Family Protection Attorney**

The type of trust we most commonly discuss is, without a doubt, the revocable living trust. While revocable living trusts are certainly effective in making sure that your estate avoids a lengthy and expensive probate process, they aren't an effective way to protect your assets or accomplish other goals. The truth is that trusts and other estate planning tools serve all sorts of purposes. Today we are going to discuss a few of the objectives served by different types of estate planning vehicles.

Irrevocable Life Insurance Trusts

If you have a life insurance policy and die, the proceeds will be part of your estate. In some circumstances, this can result in an unnecessary tax liability. You can remove proceeds of life insurance from your estate by placing your policies into an irrevocable life insurance trust (an "ILIT").

In many cases, ILITs are used both to own life insurance policies and to be the beneficiary of the policies. This gives you the option to make sure that insurance proceeds are held in trust and protected against irresponsible spending, creditors, or ex-spouses. It also means that you can designate proceeds to benefit your spouse, children, grandchildren, or anyone else you want to make sure is cared for.

Keep Control, Get Paid, and Give Away . . . All At the Same Time

Limited liability companies ("LLCs") are typically thought of as business entities, but they can and often do serve estate planning purposes. Here's how it works: You create an LLC and transfer assets into it. Those assets can range from real estate to precious metals to cash in a bank account or even stocks and bonds. You make your children (or other heirs) members of the LLC, which essentially gives them an ownership interest.

Finally, when you create the LLC, you designate yourself as the manager of the entity. That gives you full control, and it also gives you the right to get paid from the assets within the LLC for your role as manager. You can also retain a membership interest for yourself, which is advisable.

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The beauty of using an LLC is that it has an asset protection feature in addition to the estate planning feature. Specifically, if anyone sues you personally, they typically won't be able to get at the assets in the LLC! Though it's not really relevant for LLCs used as estate planning vehicles, the reverse is true as well: If the LLC gets sued, your personal assets would be shielded. This latter feature is what makes LLCs such great business vehicles.

There are other structures that can be adapted for use as estate planning tools as well. The family limited partnership is one such vehicle.

The Bottom Line

The bottom line is that there are thousands of variations of estate plans that can be formed given the universe of tools available to attorneys. With all those options, the only one way that you can be sure you're getting the right plan for you is by consulting with a professional who has a vested interest in making sure that your plan is perfectly fit to your circumstances. The boilerplate forms available online just simply aren't going to get the job done in most cases.

If you're interested in sitting down with an attorney who will take the time to understand your situation and help you plan for the future, then call our offices today. If you mention this article by name, we will meet with you for free, even though our Family Wealth Planning Sessions™ normally cost \$750! Hurry, because our calendar fills up very, very quickly, and you simply can't afford to wait on this.

About Matthew Crider, J.D.

Matthew Crider formed [Crider Law PC](#) in 1999 so he could help individuals and business owners by providing creative solutions and be their trusted advisor and legal counselor. He serves his clients by listening closely to their goals, dreams and concerns and working with them to develop superior and comprehensive estate and asset protection plans. His estate planning practice focuses on preserving and growing wealth by providing comprehensive, highly personalized estate planning counsel to couples, families, individuals and businesses.

