

# ***The "Daily Plan-It"™***

SHUMATE BROKERAGE CORP.

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## **Ohio Treasurer Recommends Living Trusts in Blog**

A blog posting caught our eye and intrigued us enough that we thought we would share it. In this blog, Ohio State Treasurer Richard Cordray recently recommended Living Trusts as a way to avoid probate. Although his analysis was not in-depth, Treasurer Cordray pointed out some of the key pros and cons in the use of Living Trusts (see the blog in its entirety online at the following link: <http://www.yourmoneynowonline.org/content/view/557/1/>).

### **Probate costs from 6% to 10%?!**

The most striking part of the blog was the Treasurer citing the National Association of Financial and Estate Planning (NAFEP) for the premise that probate costs between 6% and 10% of the estate. Whether this is an accurate cost statistic or not is another question, but it does emphasize the expense of probate as a planning tool.

### **Treasurer Cordray's Pros (some of the classics)**

In addition to reducing the cost of after-death property transfer, Treasurer Cordray points out that there are many advantages to a Living Trust. Some of these are:

**Privacy:** A Living Trust is not recorded, while a Will is recorded in the public records for all to see.

**Control:** The family is in control and they do not report to a Judge. While in a probate proceeding, the Judge is in control.

**Lower Costs:** Since you are avoiding probate, your costs are lower. (Note: from our perspective, this assumes that a Trust is *fully funded*.)

**Speed of Transfer:** Since everything is already in the Trust, the process is quicker than probate.

**Avoidance of Multiple Probate Proceedings:** If you own assets in other states, you can transfer them to your Trust and avoid probate in different states.

## **We would like to add some of our favorites**

We are thrilled that a high-level leader like Treasurer Cordray endorsed the use of Living Trusts. Here are some other benefits he forgot to mention:

**Creditor protection:** One of the most overlooked benefits is the ability to protect the after-death beneficiaries of the Trust from life risks, such as failed marriages and creditors. (Typically, the living trust provides no creditor protection to the trust maker during life.)

**Flexibility:** If you can think it, you can draft it. You are not restricted in your personal instructions inside your Trust the way you may be with a Will.

**Dispute resolution:** You can put in quick dispute resolution processes to reduce time, legal fees, and family stress if there is a fight.

If you want to know more about the use of Living Trusts in planning, please call us. As always, we appreciate your support and referrals.

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