

Funding Your Trust: A Critical Estate Planning Step

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If you have created an estate plan with the help of a professional financial advisor, and your estate plan includes a trust, don't forget an important step. All too often, people assume the estate-planning process is over once your attorney has prepared your trust document. But that's not always the case. When you create a trust, you, as the grantor, must transfer ownership of your assets to the trust, which will then be managed by a trustee. This is referred to as "funding" the trust. The trustee, who may be an individual--including you--or an institution, holds and manages the assets on behalf of the beneficiary or beneficiaries of the trust.

Funding a trust involves changing title from your individual or joint name to the name of your trust. If you do not complete this important second step, then part of the purpose of your trust will have been defeated, since current title would override any bequest set forth in your trust.

You have two options to retitle your marketable securities, such as stocks, bonds, and mutual funds, in your trust's title. You can do it yourself by contacting each transfer agent for all securities you want to place in your trust. Or you can gather all your securities certificates and take them to a financial institution that can complete the process for you.

Retitling marketable securities yourself can be a complicated process. On the front of each security certificate is the name of its transfer agent. You must send each transfer agent a letter of assignment or notation of assignment on the back of the certificate, a signed W-9 form in the name of your trust, a copy of the complete trust document and a signature-guaranteed security certificate. Make copies of all forms for your records and send all transfer information by insured carrier.

Some people find retitling securities to be a very lengthy, frustrating process. Securities you have held for many years may have gone through name changes, multiple stock splits or changes in transfer agents. Also, corporations acquired by another firm will typically have a different transfer agent than the one listed on your certificate. Furthermore, undertaking this on your own may mean a loss of control of the security during the process. If the market for your security collapses after you sent the certificates to the transfer agent, you might not be able to sell the security until the retitled certificate is returned to you.

Another way to retitle marketable securities is to utilize financial institutions. You can open an account at a brokerage firm or trust company and have the securities held in "Street Name," which means the broker dealer maintains a master depository account of securities and complete records of ownership. To retitle your account, take a copy of your trust to your financial institution and sign the appropriate paperwork.

After you have established your trust, make sure you fund it. Then review your estate plan, as part of your overall financial plan, with your financial advisor annually. Professional financial planners have the credentials and understanding to know how the different areas of your estate plan affect one another, and they will monitor your progress to help you stay on track.

Scott White helps families develop and implement successful estate and financial plans. Recognized as one of the top financial planners in the U.S. by the Consumers' Research Council of America, Scott is a Certified Financial Planner™, a Chartered Financial Consultant, a Chartered Life Underwriter, and holds a master's degree in business administration. He is past president of the Southwest Florida Chapter of the American Society of Financial Service Professionals, past president of the Lee County Estate Planning Council, founding president of the Planned Giving Council of Lee County and a member of the Financial Planning Association Southwest Florida Chapter. Scott served on the National Committee on Planned Giving's Leave a Legacy committee. He specializes in meeting the comprehensive financial and estate needs of high net worth families. For more information, visit <http://www.scottwhiteadvisors.com/>. Scott White Advisors is located at 1510 Royal Palm Square Boulevard, Fort Myers, Florida 33919; telephone (239) 936-6300. Securities offered through Raymond James Financial Services, Inc., member, NASD/SIPC.