

## **FOSTER FAMILY HARMONY FOR CLIENTS WITH HELP FROM ARDEN TRUST**

Even the most straightforward of estate plans can have unexpected twists and turns. Throw in the sometimes-fraught dynamics of a blended family, and you can have a situation that demands sophisticated planning and relationship management strategies to ensure the client's wishes are carried out

Turning to an estate planning partner such as Arden Trust Company can help you deal with the immediate legacy needs and carry out the wishes of the client, as well as help position you to deepen the relationship with the extended family and potentially retain the assets that you have helped cultivate through the years.



### **THE SITUATION:**

#### **An Outdated Estate Plan with Unintended Results**

Several years ago, a client came to his financial advisor with an estate planning problem. The client had just turned 80, but was newly married to a woman more than ten years his junior. The client's first wife had died several years earlier and had two biological children ranging in age from 50-55. His new spouse had two children of her own that were in their thirties and forties.

The client had a net worth of about \$5 million. He wanted to ensure that his surviving (current) spouse and his two biological children were taken care of after he passed. However, his current estate plan called for all his estate to be left outright to his current spouse.

The advisor was concerned that the death of his client would lead to a nasty estate settlement and suggested a trust might make sense to help control the distribution of the assets after the client's death. The advisor suggested they reach out to a local estate planning attorney to discuss the details of the case.



## THE SOLUTION:

### Provide for Everyone Equitably

The estate planning attorney recommended that the client establish a qualified terminable interest property trust (QTIP trust). The QTIP trust would allow the client's surviving spouse to receive all of the net income from the trust and discretionary payments of principal for her health, education, maintenance, and support. However, the remainder beneficiaries of the trust would be the client's own surviving children. In other words, his surviving spouse could not leave all of the assets to her own children and exclude the client's biological children. The client loved this idea.

After agreeing to the concept, the next step was choosing a trustee. The advisor informed his client that corporate trustees can make a lot of sense in the case of blended families. A corporate trustee is a neutral third party that ensures the grantor's wishes are carried out, according to the terms of the trust. Moreover, the corporate trustee is also responsible for bill paying, the trust tax return, accounting, real estate, and many other functions that are required of a trustee.

In addition to the corporate trustee administering the trust, the client's advisor would still be responsible for the investment management within the trust. The client loved the fact that his financial advisor would remain the quarterback of the relationship. The advisor also advised the client that he should inform the family of this intentions so there would be no surprises in the future, and the client followed through with the family conversations.

## THE RESULT:

### Preserve Family Unity and the Planning Relationship

A month after the initial meeting, the trust was drafted by the local estate attorney, with Arden Trust Company named to take over as trustee upon the client's passing. In addition to the QTIP trust, the client's estate plan also called for cash distributions outright to both his biological children and step-children.

Sadly, the client died a year later. However, the estate settlement went smoothly since everyone knew what to expect, and the advisor was able to retain the \$5 million relationship. The advisor has now fostered a great relationship with the surviving spouse, and Arden Trust Company continues to provide the corporate trustee services.

This client story is not unique. In a blended family, everyone often gets along until one of the parties passes. If you have clients that could benefit from estate planning today in order to preserve family harmony tomorrow, consider partnering with Arden Trust to help round out the team of financial professionals you turn to.

Contact us at **888.803.7466** to begin the conversation.

To learn more about **Arden Trust Company**, go to our website at [www.ardentrust.com](http://www.ardentrust.com)