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Memorandum of Intent for Family Fund

Depending on your child(ren)'s ages when you have passed away, your trust will continue for a period of time for their benefit. Until your youngest child reaches age 25, the trustee has the option to hold the trust assets together in a single fund (referred to as the "Common Fund" later in this document). Once your youngest child reaches age 25, the remaining funds will be divided into separate shares for each of your children. Then they will have the right to withdraw the funds at the ages you specified. In the alternative, they can choose to leave the funds in trust indefinitely.

While the funds are held in trust for their benefit, the trust document gives the trustee complete discretion on how to distribute trust assets and income to the child and their descendants. This allows the trustee to respond to circumstances and needs as they arise (even for your grandchildren) without being restricted by the terms of the trust.

However, the trustee should carry out your wishes and goals in determining whether or not to distribute trust funds. To do so, they need to know what those are. That's the purpose of this document, to guide the trustee. While this side document will not have the force of law, it will provide very important guidance to the trustee.

For instance, would you like the trust to support the beneficiary or be held back as an emergency fund in case of significant future need? Should the trust pay for the down payment on a home? How about a vacation home? Or luxury items, like a yacht? Should it favor education and educational travel?

We'll start with a general question about your concept of how the trust funds should be used and then get to some more specific guidance.

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So, first, in your language, how would you state the purpose of the family fund?

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More specifically,

1. Do you want the trustee to use trust funds to pay for vacations and leisure activities of the beneficiaries? Would you favor family trips over individual ones?

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2. Do you want the trustee to use trust funds for the beneficiary's education? Should this take priority over other types of spending? Are there any circumstances where you would like such costs to be charged to the beneficiary's share? For instance, would you want college tuition to come from the common fund but graduate school to be charged to the beneficiary's share?

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3. Do you want the trustee to use trust funds for the beneficiary's living expenses, including rent, mortgage, utilities, food, and clothing? Or is it your preference that the beneficiary pay for their own basic support and that the trust fund be reserved for emergencies?

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4. Do you want the income earned on the trust to be distributed automatically or based on the beneficiary's needs? Should this be left to the beneficiary to determine?

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5. Do you want the trustee to use trust funds for the beneficiary's home maintenance? How about to make a down payment for a home? Or to pay for the entire cost of a home?

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6. Do you want the trustee to pay for luxury items, such as boats, vehicles, jewelry?

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7. Do you want the trustee to seek to preserve the assets in the trust for the benefit of the remainderman (grandchildren and great grandchildren)?

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8. Do you want the trustee to use the trust assets for a beneficiary's medical expenses, including the monthly cost of insurance? Do you want the trustee to pay for insurance if it benefits the beneficiary's children and spouse?

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9. If your child is a beneficiary, do you want the trustee to use their share for their children's benefit (a grandchild's education or medical expenses, for example)? If so, specify permissible expenses to be allowed.

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10. What else should the trustees know about the beneficiary(ies)?

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Grantor: _____

Grantor: _____

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