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Memorandum of Intent for Family Protection Trusts

The Family Protection Trusts you created for your children are designed to protect the assets and property you leave your children from their creditors, in the event of their divorce, and to make sure the undistributed funds stay in the family when the child passes away.

In order to achieve these protections, the trust must be administered by an independent trustee.

The trust document gives the independent trustee complete discretion on how to distribute trust principal to the beneficiaries, who are your child and their descendants. That way the independent trustee can respond to circumstances and needs as they arise (even for your grandchildren) without being restricted by the terms of the trust.

However, the independent trustee should carry out your wishes and goals for the trust. To do so, they need to know what those are. That's the purpose of this document, to guide the independent trustee. While this side document will not have the force of law, it will provide very important guidance to the individual trustee over the beneficiary's lifetime.

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 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.

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 beneficiary? Would you favor family trips over individual ones?

2. Do you want the trustee to use trust funds for your child's education? Should this take priority over other types of spending?



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3. Do you want the trustee to use trust funds for your child'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?

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?

5. Do you want the trustee to use trust funds for your child'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?

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)?

8. Do you want the trustee to use the trust assets for medical expenses of your child, including the monthly cost of insurance? Do you want the trustee to pay for insurance if it benefits your child, if it also benefits their spouse and children?



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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.

10. What else should the trustees know about the beneficiary?

Grantor: _____

Grantor: _____