

BENEFICIARY CONTROLLED TRUSTS

Protect Your Beneficiaries and Your Legacy with 'Bloodline' Planning

Making sure the assets you've worked a lifetime to build are protected and passed down securely to your children and family is critical, and a "Beneficiary Controlled Trust" (BCT) accomplishes that goal with powerful benefits.

At Pierro, Connor & Strauss we create BCTs for clients who are concerned, for example, that a son's estranged spouse will file a claim against assets you leave him in a divorce proceeding, in effect siphoning off the wealth you've worked a lifetime to accumulate. Or imagine that after you die, your daughter loses a lawsuit with a large cash verdict, which the creditor seeks to collect against the assets you left her. BCTs will insulate your children from these types of financial drains, including lawsuits, divorces, bankruptcies and even Medicaid.

In effect, BCTs give you the strongest possible assurance that your assets will go to the people you choose - your children and grandchildren - while managing the risk from third-party claims.

What is a Beneficiary Controlled Trust (BCT)?

BCTs are characterized by some common features:

- Upon the grantor's (your) death, BCTs are seamlessly created as part of your trust administration
- Each beneficiary (your son/daughter), becomes a trustee and beneficiary of his/her own trust at an age you choose
- Trust assets can be managed and distributed by the beneficiary/trustee for his or her own health, education, maintenance and support, and that of family members
- A beneficiary/trustee can appoint another "independent" trustee to make distributions for purposes above and beyond the beneficiary's "needs" (any

- legitimate purpose)
- The trust will “morph” automatically into a Special Needs Trust for a child who develops a disability.
- Upon the death of the beneficiary, trust assets will pass automatically to the beneficiary’s issue (i.e. your grandchildren) or your other descendants.
- As an alternative to the bloodline trust, beneficiaries can be given more authority through a “limited power of appointment” to redirect all or part of the trust to a spouse, charity or other individuals in addition to your children or grandchildren.

The features of a BCT give the beneficiary complete control over trust assets, while simultaneously constructing a barrier around those assets, providing protection from divorcing spouses, creditor’s claims or other predatory interests.

Why Should I Create a Beneficiary Controlled Trust?

BCTs are referred to as “Bloodline Trusts” because they are an ideal structure to ensure your legacy, and provide benefits exclusively for your descendants. PCS Attorneys recommend BCTs when our clients plan to leave children in control of their inheritance, but fear that assets will be dissipated through a divorce, by claims from third-party creditors, in the event of a beneficiary’s bankruptcy, or by uncovered health care expenses.



When is a BCT Not the Best Choice?

The most critical aspect of the BCT structure is that it places control over trust assets in the hands of the primary beneficiary, who is also the trustee. For beneficiaries who need someone to manage for them due to special needs or other limitations, then a Special Needs Trust or Spendthrift Trust may be appropriate.



Trusts Are Our Business at Pierro, Connor & Strauss, LLC

PCS serves clients from offices in Albany and New York City, as well as Long Island, Lake Placid, and Plattsburgh. We also represent families in New Jersey, Massachusetts and Florida. A common theme among many of our clients is that they want to establish flexible trust structures for themselves, while protecting the assets for children and grandchildren from interests outside of the family’s bloodline.

Call us today to confer with an attorney who can help you assess whether a BCT will best serve your family’s needs. (866) 951-PLAN (7526)