

Estate Planning Pitfall

You haven't addressed pets in your estate plan

Is your pet like a member of the family? If so, you may want to revise your estate plan in case your pooch or feline outlives you, just like other family members. The optimal approach may be to use a so-called “pet trust.”

Pet trusts have been around for decades, but they've been gaining in popularity the last few years. Minnesota recently became the last state in the union to approve these arrangements. Now, a pet trust can be established anywhere in the country.

As the name implies, a pet trust provides for the care and maintenance of one or more companion animals. Typically, the owner — called the “grantor” or “settlor” — sets up the trust and designates a trustee to hold assets for the benefit of the pet. The trustee makes payments from the trust as needed.

What's more, the trust terms may provide specific instructions regarding the care of the pet. For example, if you own a cat that prefers one brand of food or your dog enjoys romps in the park, those details may be included in the trust. You may also impose requirements for regular visits to the vet.

A pet trust can provide instructions to care for the pet if it falls ill or otherwise is incapacitated. You know your pet better than anyone, so describe the form and length of care your pet should receive.

What happens after your pet dies? The remaining funds are distributed among the beneficiaries named in the trust. So, in a manner of speaking, your grandkids and other family members will be inheriting money from your long-time pet companion.

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