

Incorporating Your Pets Into Your Estate Plan

Presented by Mike Astle

Did you know that you can formally plan for the care of your pet in your estate planning? Many states have enacted legislation authorizing the establishment of pet trusts. With a pet trust, a pet owner can designate an individual to care for a pet after his or her death and provide funding for the pet's ongoing care.

If you live in a state where pet trusts have not yet been recognized, you can still provide direction in your will or trust to help your executor make appropriate choices for your pets. Guidance is always better than thoughts left unspoken.

The importance of pet trusts

A pet trust establishes a legally enforceable obligation for your trustee to use the funds in the trust for the care of your pet in the manner that you have established. Other advantages include:

- The trust is valid during your lifetime. If, for example, you were to incur a disability, the trustee could step in to ensure that your pet is cared for. The trust also remains valid after your death.
- Trust assets are not part of your probate estate.
- Trust provisions allow you to direct how and who will care for your pet, according to your wishes.
- If prudent, a separate trustee can be appointed to invest and manage trust assets.

What to consider when establishing a pet trust

When working with your attorney to establish the trust, here are a few factors to consider:

- **Selecting a trustee.** Your trustee can be the same person as your pet guardian, or you may consider a separate financial trustee to help invest the assets and provide oversight on how they are spent.
- **Pet guardian.** When choosing the individual to name as your pet guardian, it is important to have a serious conversation with him or her. You want to be sure that there is mutual understanding regarding the expectations involved and the ability to make the commitment. You should also consider naming a successor who can step in if your original appointment is unwilling or unable to serve.
- **Identify remaindermen.** Consider who should benefit from the remaining trust assets if your pet does not outlive the assets. It can be a family member (or members) or even a charitable organization dedicated to helping pets.
- **Fund the trust.** The amount of money or other assets that would be reasonably necessary to fund the trust depends on the number of pets supported and their anticipated life expectancies. It is also a matter of the pets' health concerns, special dietary needs, veterinary expenses, and so forth.
- **Instructions for care.** Special circumstances should be considered. For example, if you have more than one pet and you would like to keep them together, be sure to discuss this with the pet guardian. You can also ease the transition by providing some form of

detailed instructions for pet care (but don't restrict your trustee's discretion too much in the event that unexpected or new circumstances arise).

When a pet trust isn't the best option

Although a pet trust provides a legally enforceable obligation to care for a pet, you may not want or be in a position to set aside separate assets to establish one. An alternative, as previously noted, would be to identify in your will or trust someone on whom you can rely to provide genuine care for your pet(s).

Whether your needs are served through a pet trust or through other estate planning solutions, don't leave your pets out of the planning equation. After all, they are members of the family!

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.

###

Mike Astle is a financial advisor located at Astle Investment Management, Inc, 101 W Broadway, Suite 820, San Diego, CA 92101. He offers securities and advisory services as an Investment Adviser Representative of Commonwealth Financial Network[®], Member FINRA/SIPC, a Registered Investment Adviser. He can be reached at (619) 578-2999 or at mikeastle@cfnmail.com.

© 2013 Commonwealth Financial Network[®]