

## The Distribution Of Your Inheritance CAN Hurt Your Kids, Reveals Marietta GA Probate Lawyer

*By Steve Worrall, Cobb County GA probate lawyer*

If you are reading this Atlanta area probate and estate planning blog right now, chances are you concerned about what would happen to your assets, investments and total **inheritance** when you die. I am sure like most people, you want to leave an inheritance to your children in a way that's safe, secure and free from the red-tape of probate.

Yet what most well-intentioned parents fail to understand is that it is the **way** their inheritance gets passed down to family members that can have detrimental and life-altering consequences—which are far worse than having money tied up in the Georgia probate courts.

For that reason, I want to share some of my knowledge as an **Georgia probate lawyer** and give you a brief overview of the 4 ways your inheritance can be passed down to your children and how you can ultimately protect your inheritance from impulse spending, divorce, bankruptcy or poor decision making with proper education and a bit of planning:

1. **Outright Distribution:** An outright distribution is just that, mom and dad die and the children receive their inheritance outright, in one lump sum. Simple, clean, but dangerous. Statistics show that an inheritance will be gone within 18 months of a child receiving it. And it does not matter how old the child is or how much the inheritance. If a child gets divorced or goes bankrupt, the inheritance could be lost.
2. **Convenience Trust:** With this arrangement, the inheritance is distributed to a trust, but the child can withdraw the trust assets at any time and for any reason, just by requesting it. There may be an independent trustee managing the trust, or the child may be their own trustee or co-trustee. Since no one can force the child to withdraw the income and principal from the trust, the convenience trust offers some creditor protection, and perhaps a mental barrier to withdrawing the trust's assets, but not much else. This also can act as a separate property trust, so that the child's spouse cannot access the inheritance.
3. **Step-Distribution:** This method is a more commonly used way of leaving money to your heirs. It's also known as the "speed-bump" approach. With this type of distribution, the inheritance flows into a trust, usually with an independent trustee, which is managed and controlled for the child. At certain intervals in the child's life, a portion of the trust's principal is released in a lump sum to the child. For example, one third of the principal is paid to the child at age 30, one third at 35 and the remainder at 40. They still have access to income and principal for health, education and other guidelines you structure, but you can leave your children a powerful message with this type of trust – "don't blow the inheritance!" The idea is that if they blow it the first time, they may not get any future distributions. This may act as an incentive to the child to manage their money well, but it still adds little asset protection, and once the principal is gone, it's out of the bloodline and gone forever.
4. **Lifetime Trust:** This type of trust holds and manages the child's inheritance for the life of the child. An independent trustee is usually chosen to manage the trust and many

times the child can serve as co-trustee. Principal and income may be distributed according to various guidelines and incentives that the parent provides in the trust document. These guidelines act as a spigot or faucet: adhere to the guidelines and philosophies of the trust and assets will flow; get into trouble and the trustee can turn the spigot off.

Once the child dies, any remaining assets in the trust can pass to the child's heirs or other individuals or entities. The lifetime trust provides the most flexible vehicle for values-based legacy planning. It also provides the greatest degree of asset protection, including protections against divorce, bankruptcy and lawsuits such as malpractice or personal injury. This is by far the most popular choice of trust arrangements among my clients, as it provides the greatest amount of asset protection and guidance for beneficiaries throughout their lives.

So now that you have read the 4 most common ways to pass an inheritance on to family members, I encourage YOU today to get clear on how you would like your inheritance distributed when you die. Do you understand the potential consequences of turning your inheritance over to a child not ready for the responsibility? Are you concerned that your money or assets may one day be lost in a messy divorce or bankruptcy proceeding? Are you simply unsure of the best way to protect your money—and your children—when you die?

If so, I would like to extend the opportunity for you to schedule a Peace of Mind Planning Session (\$750 value) at no-charge with our office. Here a **Marietta GA probate lawyer** will help you work through such hard questions and ultimately create a rock-solid plan for distributing your assets in a way that aligns with your core values, but also meets your children's long-term financial needs.

However, we only have 8 such Sessions available each month, so call **(770-425-6060)** to immediately schedule an appointment with Marietta GA probate lawyer, **Steve Worrall** before they are all gone!