



Revocable Living Trusts: Not Just for the Rich

By: Martha J. Hartney, Esq.



“They’re too young to have a trust.”

“They don’t own enough for a trust.”

Some attorneys have even said that recommending a trust-based plan for young families is tantamount to malpractice. I’m certain that not only is it not malpractice to recommend a trust for some families, it’s potentially malpractice not to.

Many practitioners believe young families with kids don’t need trust-based planning. It’s more accurate to say they don’t believe they can afford it.

But nothing could be farther from the truth. Families with children at home and any assets at all cannot afford not to plan properly. Here’s an example:

A (Non-Fiction) Story

Seventeen years ago, my cousin, a young mother, became an instant widow. Her husband along with her brother, both pilots, died in a plane crash in the mid-South.

If that weren’t tragic enough, my cousin has been subjected to ongoing court proceedings over the assets her son inherited. She’s had to appear in court each year to account for every penny of the assets she herself should be managing, and she has to pay a financial guardian and bond fees to boot.

My cousin has raised her son alone, while dealing with ongoing legal proceedings. And when her son reached sixteen and a half, they got into an argument typical of that age and he left. He moved out because he knew he’d be getting his inheritance.

She has no control over how her son uses that money, if he’ll do something productive with it or fall into traps kids encounter—peer pressure, thinking they know it all, believing that the first hit of meth won’t hurt them.

She said, “If you can prevent that for even one family, you will have done a great service.”

The Scary Reality

Kids instinctively separate from parents in the early teen years. The main leverage we have to continue to encourage kids is financial. Ordinarily, kids are willing to stay close to the nest until they’ve acquired the skills they need to go out and make their own way. Whenever the financial balance is upset, kids may be harmed by the assets they acquire. I don’t need to list the umpteen teenage stars or heirs that have let money get the better of them.

Preventing kids from receiving assets at 18, creating certainty in who will raise our kids, and responsibly providing for them and our guardians are worthy goals for families that trust-based planning, and kids’ protection planning, are perfectly suited to achieve. Avoiding the financial burden and emotional gauntlet of a conservatorship is a more compelling reason to plan than avoiding estate taxes or passing on wealth to our heirs. Those goals take on more importance as we age.

An Ounce of Prevention

Because of the statistical reality that some parents do die and become incapacitated—three times in my own large family—kids of parents who do not plan are at risk both of becoming involved in lengthy court proceedings or worse, getting lost, temporarily or permanently, in the foster care system.

We have the opportunity to prevent that—by helping parents understand the stakes in plain English, sharing stories like my cousin’s and making planning financially accessible.

Financial Accessibility

We can make our services accessible by offering an automatic payment program (ACH debit) and let them

Revocable Living Trusts: Not Just for the Rich

By: Martha J. Hartney, Esq.

pay over time interest free. Local banks that want your business will allow small-batch debits. Offering ACH debits, we can help families make that investment, earn their trust, and create clients for life. After all, they are going to be the older and wealthy families of the future. Often, they'll decide not to use an ACH payment but the mere fact that they could use it helps them make the leap of faith.

When parents understand trust-based planning, they ask why their friends don't have them, but their parents do. I tell them, as a profession, we don't make a concerted effort to educate families. If we did, far more would have trusts in place for the long term.

Parents know they need to "do something." But they don't know what or where to turn. They don't want to hire a large law firm for fear of getting billed in six-minute increments or getting lost in the shuffle. They want someone they can turn to, someone who means something to them, who's earned their trust, who will be there to guide their family through tragedy and back into life.

About the Author:

Martha's practice serves families with children and non-traditional families because she is committed to helping moms and dads bring their greatest gifts into parenting fearlessly and with joy. She knows legal planning for parents is part of the parenting journey and a primary responsibility to ensure that the children entrusted to us are cared for the way we want them to be should the unthinkable happen.

Martha graduated from the University of Denver while being a full time mother of two sons. She focused her studies on family, juvenile, and estate law and served in the Boulder County District Attorney's Office; Larimer County Domestic Courts; and the Rocky Mountain Children's Law Center. Martha has served as a pro bono guardian ad litem representing abused and delinquent children. After law school, she was certified as a Child & Family Investigator through the Colorado Bar Association. She has also supported new mothers as a La Leche League Leader and been an advocate of attachment parenting and natural parenting. You can reach Martha at martha@hartneylaw.com or visit her website at www.hartneylaw.com.