

TRUST FUNDING GUIDE

Funding a trust means transferring ownership of your assets into the trust so that they can be managed and distributed as outlined in your estate plan. In simple terms, funding a trust means transferring ownership of your assets into the trust. When you create a trust, the trust itself becomes a legal entity that can hold and manage these assets.

If you fail to fund your trust, it essentially becomes an empty vessel. Your assets won't be governed by the trust, even if it was carefully set up. This could lead to those assets having to go through probate, which is exactly what a trust is designed to avoid.

- **Retitling Assets:** This process may involve retitling assets and transferring them into the trust or setting up a new account under the trust's name.
- **Beneficiary Updates:** For accounts such as IRAs and 401(k)s, a simple update to designate the trust as the beneficiary may be all that's needed.

When making updates to your accounts, be sure to use the official name of the trust as written in your official trust documents. We will work with you to identify which accounts require updates and guide you through the process.

BENEFICIARIES

When deciding whether to name an individual or the trust as the beneficiary of an account, there are several important factors to keep in mind. For instance, minors are unable to inherit or manage significant assets directly. A trust can effectively address this issue by enabling a designated trustee to manage the assets until the minor reaches a certain age. Other circumstances where listing the trust as a beneficiary include if:

- A beneficiary has a disability (inheritance might jeopardize benefits)
- A beneficiary cannot be trusted with substantial sums of money
- Your goal is to phase out distributions over time
- You have specific goals for use of the funds for your beneficiaries
- There are complex, blended family dynamics

ASSETS TO INCLUDE IN THE TRUST

Start by compiling a comprehensive list of all your assets, then decide which ones should be included in the trust.

Below is a sample tracking list to assist you in documenting which assets will be included or excluded from the trust. If you're uncertain about any asset, add it to the list, and WSFP will review it with you before any decisions are made.

Asset Name	Location (bank)	Include in Trust (Y/N)

Some assets are better suited for a Tangible Personal Property (TPP) list rather than being placed directly in the trust. Many clients choose to list sentimental items on the TPP, allowing their wishes to be respected without altering the trust documents. For example, this could include items like china or small coin collections.

BANK ACCOUNTS

Most banks and financial institutions have custom internal forms to change account ownership to the trust (example: a Joint account owned by both spouses to a trust-owned account).

- Contact the bank or financial institution and request a change of ownership form.
- Complete the form and return it with any additional information they may have requested. Usually, the certification of trust will suffice. Be sure to ask for confirmation of your account ownership update.

Alternatively, consider a transfer on death (TOD) of the last owner to the trust.

BROKERAGE ACCOUNTS

Similar to checking accounts, brokerage accounts can be held either individually or jointly. If you are married and have an individual account, you might consider designating your spouse as the primary beneficiary and your trust as the contingent beneficiary. However, this will not necessarily avoid probate and can complicate the estate settlement process.

- If your brokerage assets are managed by WSFP at Schwab, we are here to help you update your account beneficiaries. Our team will send you a form through DocuSign for your review and signature. No additional steps will be required from you.
- If you manage your brokerage assets independently, please reach out to your financial institution. Most banks and financial organizations have specific internal forms to facilitate changing account ownership to your trust. Many also offer online options for updating beneficiaries. You will likely need your certificate of trust to complete this process.

Re-titling accounts into the trust helps avoid probate and is what most clients choose to do. This allows the trustee (the person appointed to manage your assets) to manage the funds in the event of your incapacitation.

RETIREMENT ACCOUNTS

Retirement accounts, such as 401(k)s and IRAs, are typically not owned by your trust at any time, as this can lead to significant tax implications. However, tax considerations may not be the only important factor—control for beneficiaries is often a key criterion as well. While the procedures for retirement accounts are generally similar to those for non-retirement accounts, the selection of beneficiaries can differ based on tax and estate planning needs. WSFP can offer guidance on how to choose the right beneficiaries.

Typically, married couples designate each other as the primary beneficiary for their qualified accounts, which allows them to take advantage of spousal rollover provisions that are not available to non-spousal beneficiaries. For unmarried individuals, it might be advisable to name the trust as the primary beneficiary, considering the factors outlined in the beneficiary overview above.

- If your accounts are managed by WSFP at Schwab, our team is ready to assist you in updating your account beneficiaries. We'll send you a form via DocuSign for your review and signature, requiring no additional steps from you.
- If your assets are not managed by WSFP, please reach out to the financial institution to request the necessary beneficiary form. Complete it and return it along with any additional documentation they might require, usually including the certification of trust. Remember to ask for confirmation once your account ownership has been updated.

REAL ESTATE

Transferring real estate to your Trust typically requires signing a deed to transfer your interest in the property to the Trust and then recording that deed with the county local recording office in which the real estate is located. For a small extra fee, the team at Encore Estate Planning will help with this process. The WSFP team will contact you if any further information is needed on your part.

If you are handling this process without the assistance of Encore Estate Planning, it's important to consult your County Recorder for any specific requirements related to deeds. They can provide details about formatting requirements (or even offer a template) and explain any additional paperwork that might be necessary.

Complete the deed by designating the Trustee of the Trust as the Grantee (the individual receiving the property). A copy of the previous deed may be useful and can be obtained from the County Recorder. Additionally, ensure you fill out any other paperwork required in your county. Often, further documentation is needed to identify the Beneficiaries of the Trust. Remember, while you are alive, you are the Beneficiary of your Trust.

VEHICLES

Generally, these items are not included in your trust but it depends on your specific needs. Many insurance providers may refuse to insure vehicles owned by a trust, so it's wise to consult your insurance carrier before transferring your vehicle titles. If you have a particular beneficiary in mind and the asset holds minimal value, think about listing it on the Tangible Personal Property (TPP) list instead.

LIFE INSURANCE POLICIES

Life Insurance proceeds usually bypass probate, but directing the money into a trust might be a good idea if you're concerned about how the beneficiaries will use it. You can name the trust as the primary beneficiary of your life insurance policy. This arrangement provides more flexibility in how the money is distributed, especially to young children. If the trust is 100% primary beneficiary, no contingent beneficiary is needed.

ANNUITIES

Annuity contracts have a named beneficiary(ies). When the owner passes away, the asset goes directly to this beneficiary, bypassing probate. The beneficiary designations can be updated to include the trust. Usually, the trust is named as the final backup beneficiary of the annuity; however, if you have minor beneficiaries, a custodian or a trusted adult will need to manage the funds until the minors are of age. In these situations, consider naming the trust as the primary beneficiary.

To update beneficiary designations or to add your trust as a beneficiary to your annuity, follow these steps:

- Contact WSFP for help. The agent on your contract can guide you through the process and may help speed it up.
- Follow the instructions and complete the necessary forms. Usually, the insurance company will ask for:
 - a. Completing their internal change of beneficiary form.
 - b. Specifying how beneficiary shares should be divided.
 - c. Providing documentation of the trust's name, current trustee, type, execution date, and any signature or notary pages.
- Return the form with any requested additional documents and ask for confirmation that the update has been processed.

CHILDREN SPECIFIC ACCOUNTS

Accounts such as UTMA and UGMA, as well as 529 Plans, allow for the appointment of a successor custodian to ensure smooth management should you be unable to oversee the account.

- If your accounts are managed by WSFP at Schwab, we are here to help you through this process. Our team will send you a form through DocuSign for your review and signature. No additional steps will be required from you.
- If your accounts are not managed by WSFP, please reach out to the financial institution where the accounts are held to request the necessary form to update the contingent custodian. Complete it and return it along with any additional documentation they might require. Remember to ask for confirmation once your account ownership has been updated.