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Managing assets in trust

By WONG LI ZA

If you have children who are minors, aged parents or a young spouse, your estate plan should include a trust service.

MENTION estate planning and people like Robert Kuok or Donald Trump will probably come to mind. However, the deed is not limited to the super rich but to anyone who owns things like a car, house, jewellery or a retirement fund.

Estate planning is the process of making proper arrangements for the protection, preservation and provision of your total assets for the benefit of your family and loved ones, according to your specific wishes, if uncertainties or eventualities in life take place.

Sheela Vasuthevan: 'Most people need both a will and a trust service.'

An estate plan that includes a trust service is important when someone has children who are minors or other dependants as it will ensure their continued care after the person, also known as a "settlor", passes on.

Rosalind Yu, senior vice-president of retail business distribution with ING Insurance Bhd, said a general concern people have is whether their wishes will be carried out after their demise.

"These include providing continuous income to surviving family members or funding their children's education," she said.

A trust deed, the agreement between you and the trustee, identifies your trust beneficiaries, how and when they will receive the distributions, and how trust money will be managed and invested according to your wishes after your death.

Assets under a trust will not be frozen upon a person's demise but can immediately be managed by the trustee, who has legal ownership of the assets.

In a will, the named executor, a person who is responsible for distributing the assets, needs to first apply for a grant of probate before he or she can do so.

If a person only has a will, creditors can lay claim on the deceased's assets and funds. A will is also a public document and is open for viewing in court.

"A trust service will help protect your financial privacy and also ensure that proceeds from a customer's life insurance policy are not misused," said Yu. She added that an insurance trust service is also important for

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people who need their insurance monies managed should they fall into a coma, become critically ill or mentally incapacitated.

With a trust, people with unit trust investments can also arrange for funds to be continually managed by the trustee company and later distributed to the intended people after the settlor's death.

Rosalind Yu says assets under a trust will not be frozen upon a person's demise.

But is a trust for everybody?

Sheela Vasuthevan, general manager of Perpetual Trustees Berhad, associate partner of ING, listed three key points.

"If you have fully-owned properties, want absolute protection from creditors and have children who are still minors, aged parents, a young spouse or children with special needs, then you definitely need a trustee," she stressed.

The next question is, does a person who already has a will need a trust?

"Most people need both. You need a will to appoint guardians and an executor, or if you have properties still under mortgage and other assets such as jewellery or heirlooms," said Sheela.

"For all other assets you need a trust, as long as you have 100% ownership of those assets," she said, adding that with a trust, the transfer of assets can also take place during one's lifetime.

According to Sheela, the fee to appoint a trustee is RM400, while to draw up a straightforward trust deed costs RM250. An insurance trust service fee is RM650.

Each time one makes an amendment to the trust deed, there is a RM100 charge.

If you have a life insurance trust, the fee to execute the policy is a one-off 0.5% charge of the value of the policy.

Source: StarTwo

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