

## Children's Trusts

Can you imagine receiving a large inheritance when you were 18 years old? The chances are that it would have burnt a hole in your pocket before you knew it!

Parents of young children, grandparents, or anyone who is planning on leaving something to children as beneficiaries of their Estate may not want those children to have access to their inheritance as soon as they turn 18. Instead, they may prefer to choose an age anywhere up to 25 years old, when the beneficiary is more likely to be mature enough and ready to responsibly manage their inheritance.

The best way to achieve this is for the testator to include a Children's Trust clause in their Will, and to designate two trustees to administer the trust until the children reach the age of entitlement stated in the Will. It is always a good option to have an independent trustee other than the children's appointed guardian in order to avoid any conflict of interest regarding the inheritance and the maintenance payments that are being drawn out of the trust fund.



The trustees have the power to give the beneficiaries access to capital, or income, from the trust fund for the purpose of education or maintenance payments (i.e. basic living expenses such as housing, clothing and food). The trustees may also have the option to lend the beneficiaries monies for other purposes, depending on the specifications and requirements set forth in the trust.

In addition to controlling the children's access to their trust fund, the testator may also want the trustees to manage the investment of these funds until the beneficiary reaches the age of entitlement specified in the Will. On reaching age of entitlement, the trust ceases for that individual child and they then receive the remaining inheritance in its entirety.

When you include a Children's Trust in your Will, it is a good idea to first review your life insurance policy. We all know how expensive food and utilities can be on a monthly basis, but when you factor in education, clothes, and other necessities it can get very expensive over the long term. It is highly recommended that parents have a family income benefit protection policy in place to ensure that their surviving children's living expenses can be adequately met by their appointed guardians until the children become financially independent.