

The Art of Passing the Buck, Vol I

Secrets of Wills and Trusts Revealed

By Charles Arthur

Written by those who have personal interaction with Trusts, Beneficiaries and wealth management.

Gives the basics about: ♦ **Amassing** ♦ **Passing** ♦ **Creating wealth for future generations**
♦ **Structuring** ♦ **Protocols for Asset Protection** ♦ **Trust wealth** ♦ **Building A Family Army**

Brief Chapter Excerpts follow:

Managing Money

(Ch 3 Pg 17)

Managing a large sum of money can be a full-time job, and it takes much experience. Lack of foresight, and simply not knowing how to set up and pass on money are the biggest problems with inheritance issues. The rich are well positioned because they understand the importance of mentors, connections in the world of finance and trade, and seasoned Trustees.

Tom Stevens and His Father

(Ch 3 Pg 18)

Here is an incredible example of family support that worked. One of our Trustees met Dr. Stevens in 1984 and asked him how it was that he became a surgeon. He told us his father was a medical doctor and guided him to take the right classes throughout high school and college. When Dr. Stevens was asked if he ever resented his father took such control of his life, Dr. Stevens replied that he never had any particular idea in mind about what he wanted to do anyway, so his father's guidance was accepted and appreciated. Becoming a doctor was as natural as breathing. At the time the Trustee knew him, Dr. Tom Stevens was the Chairman of the Surgery Department of a Chicago, Illinois hospital. He proved to be fascinating with his marvelous stories about the lives he saved.

Better Than Ownership

(Ch 4 Pg 31)

Ownership is stranger than fiction. If you form an Irrevocable Trust, and transfer assets into it, such as residential property, the ownership becomes split. The Beneficiaries have equitable interest, and the Trustees hold legal title. Now recorded at the county, the residential property is owned by the Trust, and the Trustees' names are listed as the responsible parties. this is known in law as *divided title*, and no one actually "owns" the assets. The Trustees are legally responsible for the assets in the Trust and take care of the property, but only hold it for the benefit of the Beneficiaries. A Trust removes direct ownership. It takes money and property out of your hands, where it can be used against you. Now in the hands of people removed from a direct involvement in enterprises, legal and financial complications are less likely. Property is safer.

Gullible But Rich

(Ch 4 Pg 33)

There is also the not-so-uncommon event where assets are in Trust, and the gullible, not-so-beautiful Beneficiary marries the dazzling princely rogue. If Trustees are doing their job, the cunning husband wastes oodles of time and money going to court trying to get the well-protected wife's assets. He will eventually

discover that she does not own them, and the Trustees do not care about his plight.

Power Groups

(Ch 6 Pg 62)

Any group of people can misuse power. In a white paper written by Ted Nace titled *Gangs of America*⁵⁰, he outlines the unholy ability of corporations to amass power. There can be any name, form or scheme to take advantage of others. The problem lies in the lack of inherent appreciation and understanding that each person who lives is not only a miracle, but holds an unfathomable amount of unique knowledge. Nurture others; gain innate potential and power. People are an unlimited resource, so why diminish them or, for that matter, even fear them?

Such influence can be used to benefit society, or, sadly, to degrade it. That is why, when setting up a Trust structure you hope will enhance the lives of many people yet unborn, you must also take care to build into it provisions for strong ethics and morals. . .

What You Can Put Into Trust

(Ch 11 Pg 101)

Legally speaking, any lawful item may be put into a Private Trust. Long experience has shown, though, that just because you can, does not necessarily mean you should. Practical considerations must apply, since otherwise Trustees waste time, energy and money cataloging, managing, and accounting for worthless junk.

Naturally, correctly identifying what is and is not suitable takes both judgment and discernment. . . . we provide a series of decision criteria . . .

Issue of Title

(Ch 12 Pg 109)

To review the basics, all Trusts shift the issue of title. To avoid probate, title must vest into another person or entity either at death or before without the need of a judge's approval. This is done by putting another's name on financial documents while the Grantor is alive. This successor Trustee can "go to the bank and get the money" when the Grantor dies. Also, the Trustees can gain full authority before death. In other words, the Trustee(s) becomes co-owners of assets or the owner, and thus has/have signature power.

Trustee Differences

(Ch 13 Pg 120)

Not all Trustees are the same. There are four classifications. Each Trustee serves a different purpose, is applicable to different Trust types, or to fulfill another purpose:

1. Grantor Trustee
2. Independent Trustee
3. Adverse Trustee
4. Dummy Trustee

The Silver Spoon Curse

(Ch 16 Pg 163)

Why is it so necessary to protect the Beneficiary? Because con artists go through county records to discover the heirs who become targeted. For those who come from millions, there is a great effort to obscure any large amounts to which the heirs have access. Their fortune and identity are, thus, not available.

Offshore and Foreign Trusts

(Ch 18 Pg 188)

The Statutory Trust is no longer applicable in this discussion. We have suddenly stepped off the map into a new reality. The subject of jurisdiction now becomes one of our major concerns. That is, who has the power to settle disputes about Trusts? The answer to this question involves situs. Situs means where the Trust physically does business.

Contrary to popular opinion, the definition of the United States is not what most people think. The federal government, is an administrative agency of "We the People", identified as the United States of America. It contracted with the 50 states to manage among them and between them. The 50 states are superior to the federal government and foreign to it, except where political pressures have blurred the lines.

I cannot, I will not (Ch 21 Pg 227)

Naming Beneficiaries, though, is sometimes not so simple. Many times the first resistance to passing possessions to the next-in-line often comes from the Trust Grantor. Because an Irrevocable Trust provides a cash flow to Beneficiaries while the Grantor is still alive (Inter Vivos Trust), we hear the strangest reactions, and often the saddest excuses, to avoid passing assets to heirs.

Disruptive Family (Ch 25 Pg 271)

An entire Trust can be brought down by Beneficiaries who feel cheated, and siblings who cannot tolerate a brother's or sister's success. The hateful can drag a Trust into court many times, exhausting resources.

We previously covered dissatisfied Beneficiaries. Remember, it is not money they lack but love and enough attention. The sibling problem is more difficult because it is our parents, or the parents of our spouse, where the issues remain unresolved, with whatever childhood matters remain yet to be settled.

Dedication

We dedicate this book to the next generation in hope that lives can be more fulfilling, the people better educated about inheritance, and the legal profession be more fully informed.



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