



# HARRIS LAW & CO.

Protecting Families & Businesses Through All of Life's Journeys

## IS YOUR PLAN FUNDED?

What is funding? If you completed your estate plan (a will or a trust) and you do not know what "funding" is, then odds are your plan will not work as intended or even at all when life changing events occur.

So what is funding? Funding is the process of changing the ownership and beneficiary designations on your assets to ensure they align with your will or trust. Your will or trust does not work if it is not properly funded.



So how do you properly fund your trust? You do your funding homework. Your attorney should give you specific instructions on how each of your assets should be owned and the beneficiary listed. There is no cheat sheet and every plan requires specific funding instructions. For example, a family with minor children may be advised to put their trust as the beneficiary of their IRA; however, another family with minor children may be advised to list a spouse and not their trust. Why?

There are several factors your attorney considers and weighs when recommending how your assets should be owned and the beneficiaries listed to ensure your planning goals are fulfilled in the most tax-efficient and protective manner as possible.

## GOT MILK?

Think of funding like a gallon of milk. You buy a gallon of milk. From the outside, it looks like a gallon of milk. Your receipt says you bought a gallon of milk. You go ahead & put your milk in the fridge anticipating a cold glass with your evening meal. Now it is dinner; you are ready for a glass of ice-cold delicious milk. In fact, you cannot eat your dinner without it. You go ahead & grab the milk jug & for the first time you realize it is a little light. You unscrew the lid & go to pour, nothing comes out. Your jug is empty.

If you do not fund your will or trust properly, then your plan will not work. It is simple. You did not put any milk in your jug. Do your funding homework. Make sure your assets are actually controlled by your planning documents so you & your family are actually protected when life changing events occur.



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Reviews



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Meet Dave. Dave is married and has 2 kids. Dave visited with a qualified estate planning attorney to set up a plan to ensure his wife and children had a plan in place and were protected if something happened to him. Dave was happy and felt great knowing he finished this important task. Dave visited with his attorney a couple of times and signed his plan. His attorney discussed his assets with him and gave him specific instructions for each asset. Dave goes home and puts his estate planning portfolio on his shelf.

Dave gets in a car accident. His wife is in the vehicle with him. Dave passes away. His wife survives, but with mental deficits. Dave's plan ensures that his wife will receive the benefits of their assets without disqualifying her from any government programs that may help with her long-term care and recovery. Does Dave's plan work?

If Dave did his funding homework—yes. His plan works. Dave may be gone, but his diligence in doing his planning has an immense impact on his family ensuring they have the care and financial security they need.

However, Dave did not do his funding homework. His assets did not all get transferred or retitled. He meant to get to it, but he never made the time. Dave's estate goes through the probate process, his wife endures a long battle for a conservatorship, and his children are left without access to assets to help care for themselves and their mother.

Don't be Dave. Funding is an integral part of proper estate planning and cannot be overlooked. Do your funding homework. If you are not sure you did it right or that it was done correctly, visit with an estate planning attorney today to ensure your plan will actually work when life changing events occur.

*\*This article is not intended to give legal advice and does not form an attorney-client relationship. This article is for general informational purposes only. Please consult an attorney for specific guidance on your situation.*

### FUNDING FACTORS:

- Goals
- Asset values
- Asset type (IRAs, cash, real estate...)
- Marital status
- Children?
- Your ability to manage assets, your spouses, & your children's
- Charitable goals
- Potential Tax liabilities
- Assets you want sold
- Assets you do not want sold
- Business assets?
- Personal property designations
- Net Worth
- Type of plan put into place
- Age of beneficiaries
- Special needs of spouse or beneficiaries
- Divorce concerns, for you, for your beneficiaries
- Prenuptial agreements in existence for you, for your beneficiaries
- Creditor issues, for you, for your beneficiaries
- Asset protection goals
- Nursing home protection
- ...