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Ask the Experts: To protect kids' interest, leave assets 'in trust'

Published: Wednesday, Feb. 02, 2011 - 12:00 am | Page 9B

This week, "Ask the Experts" welcomes a new trio of local experts to answer your questions on personal finances, investing and wills/trusts. The three are: certified financial planner Gregory Lucas, president of Lucas Group Financial Planners in Sacramento; Jeffrey DeBoer of DeBoer Financial Group in Roseville; and Lynn Dean, estate planning attorney in Roseville.

Q: I've often heard that you can't leave assets to minor children, which is why most people leave everything in a will or trust to their spouse. But what happens if you die and your spouse remarries? How do you ensure that your children get their fair share?

You can leave assets to minors, but they are not legally able to receive the money until they turn 18. Unfortunately, 18 is not a good age for children to receive large amounts of money, as they have a tendency to spend it without making good choices.

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The way to leave money to your children, protect them from themselves, and be sure that it actually reaches them is to leave it "in trust." This requires either a will or a trust.

When you create the trust language, you can specify who will be in charge of the money (the trustee), and at what age your children can receive it. If you write the trust properly, the money can be used to pay for their needs (medical expenses, college, etc.), even before the age of distribution. You can have the money distributed to your children all at once (for example, when they turn 25) or gradually (i.e. interest-only each year; one-half of the principal at age 25, and the rest with interest at 30). The trustee does not have to be the child's parent, but should be a person you trust completely.