

# BEXs - #QuickFacts

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A BEXs CLIENT EDUCATION INITIATIVE

## Does your Family Trust have the necessary

### Trustee Independence

A Family Trust, more formally referred to as an Inter Vivos Trust, is a trust that is established by a person during their lifetime. This form of trust should not be confused with a testamentary trust (also known as a Will trust) which is formed after the death of a testator.

Creating a Family Trust, is a key Estate Planning tool used to ensure that a testators estate is liquid, tax efficient and effectively executes their wealth generation and preservation objectives, coupled with their freedom to bequeath their assets to the heirs of their choosing.



In it's most simplest form, the Family Trust is a contract between the founder of the trust, the trustees and the beneficiaries whereby, the founder passes ownership of certain assets to the trust, the trustees manage the assets and the beneficiaries receive the income and at some point the capital.

For this reason it is vital, for the protection of all parties that, the management of the trust has the necessary independence. What this means is that the trustees are at arms length in any transactions they enter into on behalf of the trust and that they are not conflicted in any way.

All too often trusts are set up with nefarious intentions, and can be labelled an “alter ego” trust, in other words, the elements to create a valid trust exist but the trustees merely act on the instructions of the founder. Another tell tale sign of this “alter ego” type of trust is when the founder acts as if the assets are owned by him and not the trust.

One of the easiest ways to spot a potential “alter ego” trust is the absence of an independent trustee.

Don't ruin your legacy by falling short of the basic concept of trustee independence in your family trust.

[Click here to contact BEXs about our cost effective Independent Trusteeship service.](#)