



ELDER LAW AND ESTATE PLANNING

Joseph Karp
Jonathan Karp



Parents wondering how to provide for children of different ages with different needs

Question: We have three children, ages 14, 7 and 5. We want to establish a trust so that the kids are taken care of financially if anything happens to us. We want my wife's sister to be in charge of the money. Do we have to distribute the monies in the trust equally among the three children? This doesn't make a lot of sense to us because the difference in their ages means the price tag for each child's needs will probably vary greatly. How is this best handled? You must have run into the situation before.

Answer: Indeed we have. And there are other factors, not just age per se, that could impact on the children's varying financial needs. Perhaps one will receive a college scholarship. Maybe one will have extraordinary medical needs. Maybe one will develop into a gymnast who wants to train with an expensive coach. There are many unknowns.

You handle these unknowns by creating a common pot trust. It will hold whatever you leave the kids. Your life insurance will flow into it, too, as will any settlement money. You will give your trustee the flexibility to provide for each child in accordance with each child's needs, without adhering to a strict 1/3-per child rule.

The Karp Law Firm, P.A.

Location, phone number:

- Palm Beach Gardens, 561-625-1100
- Boynton Beach, 561-752-4550
- Port St. Lucie, 772-343-8411

Website: KarpLaw.com

Email: ask@karplaw.com

A clause should be included in each of your estate plans that calls for the creation of the common pot trust. Be sure to name backup trustees in case your wife's sister cannot serve. Also specify when the trust will terminate. Usually the termination date is when the youngest attains a certain age or graduates college, whichever comes first. At that point, any remaining funds can be distributed equally among the children.

Also, don't forget to name a "guardian of the person" for your children – whoever will actually raise them – and a backup. This could be the financial trustee, or someone different.

Joseph Karp and Jonathan Karp are Florida Elder Law and Estate Planning Attorneys. The Karp Law Firm is located in Palm Beach and St. Lucie counties. It assists clients with wills, trusts, Medicaid and VA benefits planning, special needs planning, asset preservation, probate/trust administration, estate litigation, and probate and elder law mediation.