

Terminology

Probate: When an executor files a will with the Register of Wills at the courthouse to make sure it is valid. All wills must be probated.

Trust: An agreement to hold legal title to property by a person for the benefit of himself or another.

Living Trust: A trust created for the trustor (you) and administered by you or another person during the trustor's lifetime and used to distribute property after your death. The trust can be revocable (you can remove some or all the property from the trust) or irrevocable (you cannot cancel the trust and can receive only the funds or property allowed by the trust agreement).

Beneficiary: The recipient of funds, property or other benefits from an insurance policy, trust or will.

Trustee: One that holds legal title to property in a trust in order to administer it for a beneficiary.

Will: A legal declaration of how a person wishes his or her possessions to be disposed of after death.

Where to go for more information

**Pennsylvania
Office of Attorney General**
Bureau of Consumer Protection
14th Floor Strawberry Square
Harrisburg, PA 17120
1-800-441-2555
www.attorneygeneral.gov

Pennsylvania Bar Association
Lawyer Referral Service
100 South Street
P.O. Box 186
Harrisburg, PA 17108
1-800-692-7375
www.pabar.org



Remember . . . do not be pressured into signing any legal document that either you or your attorney have not had time to review. No legitimate estate planner would deny you the opportunity to consult your attorney before proceeding with the transaction. If you feel pressured to sign or commit to an estate planning document, contact the Pennsylvania Attorney General's Office or the Pennsylvania Bar Association.

P E N N S Y L V A N I A

**OFFICE OF
ATTORNEY GENERAL**

ESTATE PLANNING:

HOW TO IDENTIFY
AND AVOID
LIVING TRUST
SCAMS



Estate planning (directing what will happen to your assets after your death) is a responsible and considerate thing to do – it saves your loved ones added hardships during this time. There are various estate planning tools and you should research all available options in order to determine which tool is right for your needs.

Unfortunately, there are unscrupulous salespeople that may attempt to sell you pricey and often unnecessary living trust packages. In order to assist in your estate planning needs, this brochure will provide you with some basic information to begin your research, including relevant terminology, avenues for assistance and tips for avoiding possible scams.

OFFICE OF ATTORNEY GENERAL

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Myths about living trusts vs. wills:

Probate is nearly always a lengthy, costly and intrusive process.

Unless there is a challenge to your will, probate can take only months and only relevant parties are involved.

Living trusts are appropriate for nearly all estates.

Only a competent attorney can determine whether you need a living trust. Not everyone can benefit from or needs such a trust.

Living trusts reduce and/or eliminate income and estate taxes.

Putting your income into a living trust does not shield it from taxes. Inheritance taxes are applicable to everyone.

You don't need a will if you have a living trust.

A "pour-over will" is still necessary to transfer any property you own at your death that was not previously included in the trust.

Tips to help you avoid a living trust scam:

- Beware of high-pressure sales techniques - legitimate offers will be available for you to review.
- Research what estate planning tool is right for you – consider consulting a licensed attorney for assistance.
- Never sign anything you do not fully understand.
- Verify the qualifications of the person offering to sell or prepare a trust for you.
- Remember the three-day "Cooling Off" rule. If the sales transaction occurs at your home or via your home telephone, you have three days to cancel the contract.
- Beware of "cookie-cutter" or pre-drafted living trusts. Your estate planning documents should be customized to meet your individual needs.
- Ask questions and do not purchase anything if the answers you receive are vague or confusing.