

Why Trusts Should Not Pay Out at Specified Ages

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Why Trusts Should Not Pay Out at Specified Ages

- Many practitioners continue to have trusts for children or other heirs pay out at specified ages, e.g. $\frac{1}{2}$ at age 30 and the remainder (about $\frac{1}{2}$) at age 35. That should almost never (probably never) be done.
- Jonathan has a question.

The Reasons Mandatory Payout is Bad are Many

- Payments to minors and incompetents will require the appointment of a guardian or similar fiduciary, often requiring the permission of the court.
- Asset protection benefits are lost.
- GST benefits are wasted. This is critical to consider with exemption amounts being halved in 2026.
- Divorce protections are lost.
- Property owner doesn't get to choose governing law, but a trust may.

Additional information

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