

Introduction

Simplification

The subject of Trusts is complex and mysterious. An ancient system used to pass wealth has gone through a metamorphosis that only time can produce. Despite this, though, the basics of setting up assets for Beneficiaries remains. Keeping this one thought in mind, the variety of ways to do this becomes simpler, and the complexity of any Trust.

In reality, the average person with a high school education can understand the basic concept of any Trust. Within this knowledge is the art of wealth building and management—a subject that everyone should know, at least at a working level.

Those matters considered technical, or that seem more suitable for professionals, appear in Volume II where we included court cases and the more intricate details of Trust structuring. Other matters, some controversial, are in the Appendices.

So, even if you feel inadequate to the task of sorting out wealth and inheritance, feel free to charge right in. We wrote this book for you.

“No Classroom Text Available”

We discovered, after over a decade of devoted research, that most people are woefully ignorant when it comes to the subject of inheritance.

The emotional aspects of inheritance are daunting. When combined with a forest of jargon, complex financial issues and the possibility that lawyers and CPAs are themselves usually not taught certain key concepts, the subject rapidly becomes overwhelming. According to CPAs with whom we have spoken, the subject of Trusts is not taught in any complete form, and the IRS volunteers nothing about the subject.

You might be disturbed to learn that it is common that most lawyers and CPAs have not been properly educated in the basics of Trusts. This is because there has been a concentrated effort to narrow the field of legal instruction and to control the courts. The book, *Justice for Sale*, documents a multifaceted, comprehensive, and integrated campaign set in motion by large corporations to create taxpayer-subsidized law firms to . . . shape law school curriculum and to affect the minds and decisions of sitting judges.¹

This is also reinforced by a statement in *A Trustee's Handbook* (7th ed) by Loring:

In the late 1960s law schools set about the process of downgrading courses in the law of trusts from required to elective status, so that while almost all the law books have made courses on state regulation mandatory, only a few continue to afford the law of trusts the status it enjoyed at the turn of the century. In most law schools trust law is now an afterthought, buried somewhere in the elective course on estate planning.

Likewise, in the preface to *Income Taxation of Trusts, Estates, Grantors and Beneficiaries*, author Jeffrey Pennel states: “Unfortunately, when I first recommended to our curriculum committee that we add a course on this subject, there was simply no classroom text available.”

Because Trust literature is seldom published, it is virtually impossible to go to any single source to get reliable information about benefits of every Trust. Further, available information on Trusts has been complicated to the point the average person has almost no chance of understanding even the basic principles. The information is out there, though, if you know where to look. The basic principles of Trusts and their management are simple, and

¹ Richard L. Grossman, *Justice for Sale: Shortchanging the Public Interest for Private Gain*; Alliance for Justice, 1993; reviewed in *The Workbook*, Vol. 18, No. 3 Fall 1993

proper administration of a Trust is no more difficult, and often easier, than running your basic small business.²

Our purpose is to demystify inheritance by explaining, in clear, straightforward terms:

- The basic ideas,
- The nature and history of Trusts,
- What the various kinds of both Statutory and Common-Law Trusts can and cannot do for you and yours,
- What you should know about the Irrevocable Common-Law Trust that offers the best combination of asset protection, among all the Trust types, for
 - asset growth,
 - tax minimization
 - privacy in an ever less private world
 - dangers.

Once you have a picture of a sophisticated and complete Trust, you can more easily discover what other Trust type suits your needs, or whether the Trust from which you receive benefits properly handles administration.

Whether or not you use the information contained here, we are certain that reading *The Art of Passing the Buck* will better prepare you and yours to deal with the emotionally charged matter of preparing for your passing. This alone pays big dividends by giving you clarity about your choices and in reduced personal and family stress.

²

Glen Halliday “The Truth about Trusts,” *AntiShyster News Magazine*, Volume 7, No. 1, Pg. 39
<http://famguardian.org/PublishedAuthors/Media/Antishyster/V07N1-TheTruthAboutTrusts.pdf>