



YOU DESERVE A BRICK HOUSE TRUST.



"Marriage is a great institution, but I'm not ready for an institution yet."

—Mae West

Too many years ago, a disco hit about the wonders of a brick house topped the charts. While the song was certainly focused on things other than trust law, we believe many families are well suited by what we call a Brick HouseTM trust.

Think back to your youth and the story of the three little pigs. Those cute little pigs were trying to avoid one big, bad wolf. Unfortunately, your loved ones (note how careful we are not to refer to your loved ones as little pigs) have not one wolf to worry about but three. Specifically, the three wolves are as follows:

WOLF #1—DIVORCE (Your loved ones may lose half their wealth, including any inheritance, to an ex-spouse.)

WOLF #2—TAXATION (Excessive and unnecessary income and estate taxation levied against your loved ones.)

WOLF #3—LAWSUITS (Think car accidents, slander, and errant golf shots.)

A recent *Barron's* article observed that half of all American families have assets of less than \$150,000. Most Americans in this category can do with a simple will directing that their loved ones receive their wealth outright and free from trust; this type of transfer is akin to the house of straw built by the first little pig. It is easy, inexpensive, and offers minimal or no protection from the wolves.

Recognizing that a house of straw offers minimal protection, most people build a house of sticks. This type of plan leaves wealth to the next generation in stages. Typically, one-third at age 25, 30, and 35.

The problem with this plan is that it generally exposes any inheritance to being devoured by any or all of the three wolves—just possibly later in the life of the trust beneficiary.

Therefore, we recommend a Brick HouseTM trust which is technically known as a dynasty trust or generation-skipping trust. The Brick HouseTM treats children like a surviving spouse. Typically, a surviving spouse will receive all income and any principal from the trust that she needs.

This same approach is used to ultimately benefit the children, thereby protecting all assets in the trust from seizure by one or all of the three wolves. Do note that there are some limits on the ability to protect very high levels of wealth, but most Illinois families can enjoy safety from all the wolves in perpetuity.

Some advisors will huff and puff and say that the Brick HouseTM is appropriate for only the wealthiest of families. We disagree and wonder what these advisors would think when staring into the eyes of any of the three wolves.



Bob's 39-pound son, James, conquers the Pacific Ocean.