

## A Hollywood Lesson for Everyday People: Trusts

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**Phillip Seymour Hoffman**, an accomplished actor, died suddenly in February at age 46 of a suspected drug overdose. Seymour had a long-term companion, **Marianne O'Donnell**, with whom he had three young children. Under the terms of his Will, a significant chunk of his **\$35 million-plus estate** was left to O'Donnell. The media and estate planners have examined the Will, which has led to several estate planning issues garnering public attention. His Will was written before the birth of his last two children and never updated; thus, his estate plan is completely silent about his wishes for them. The actor's death also highlights the effect that marriage can have on an estate plan. Because Hoffman and O'Donnell were not married, nearly \$14 million must be paid in estate taxes - an outcome that could have been avoided had the couple tied the knot (at the federal level, any property passing to a spouse at death is free of estate taxes, therefore delaying any federal estate tax until the surviving spouse's death).

While these estate planning missteps are unfortunate, perhaps the greatest misfortune is that we - the public - are even privy to such information about the details of Hoffman's poor planning. There is a simple way for individuals to ensure that their estate plans do not become rumor mill fodder after their passing, but Hoffman (and many other famous celebrities, like James Gandolfini, Whitney Houston, and Michael Jackson) failed to take advantage of this tool: the trust.

There are several different types of trusts, but the most common is the revocable living trust. Hoffman reportedly once said he did not want his kids to be "trust fund kids." This intention - for his children not to become "spoiled" with the millions that he earned during his lifetime - would have actually been better served with the use of a trust. A well-planned trust can allow for monetary distributions tied to any number of conditions or events (i.e., reaching a certain age or buying a home), based on that person's values and goals. With a revocable trust, the terms can be changed, amended, or canceled altogether whenever the person who signed the trust wants to do so (as long as they are competent)...meaning that they still possess control while living and can rest assured that things will operate exactly as they wish after their passing. And, as we've seen with countless celebrity deaths, a Will becomes public record at death whereas a trust allows for privacy. Wills also must pass through the probate process to become effective, which can be costly, time-consuming, and often lead to disputes. No one would know the details of Hoffman's estate, or to whom or how he wanted to pass his assets, if he would have established a trust.

Even if you are not a multi-millionaire or a Hollywood celebrity, the same advantages of a trust are

applicable for your own estate planning.

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