

# THE HOW AND WHY OF NON-CHARITABLE PURPOSE TRUSTS

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# Types of Trusts

- A. Private
- B. Charitable
- C. Non-Charitable Purpose



# Private Trust

## A. Examples

1. Revocable Living Trust
2. Irrevocable Life Insurance Trust
3. Dynasty Trust
4. Intentionally Defective Grantor Trust

# Private Trust

## B. Elements

1. Grantor (settlor, trustor)
2. Trustee
3. Beneficiary
4. Trust Corpus (principal)
5. Trust protector



# Charitable Trust

## A. Purposes

## B. Elements

1. Grantor
2. Trustee
3. No identifiable beneficiary



# Non-Charitable Purpose Trust

- A. Meets a particular non-charitable purpose
- B. Examples
  1. Trust for maintenance of graves or monuments
  2. Trust for saying of masses and other religious services
  3. Trust for animals
  4. Gun trusts

# Non-Charitable Purpose Trust

## C. Legal issues

1. No beneficiary
2. Violates the rule against perpetuities

## D. Current Law

1. Uniform Probate Code allows for Honorary Trusts
2. Michigan statutes (MCL §700.2722)



# Pet Trust

## A. Statute

1. For the care of a designated domestic or pet animal
2. Trust terminates when no living animal is covered by the trust
3. Trust shall be liberally construed





## Pet Trust

### B. Why have a pet trust?

1. Who will take care of the pet?
2. Where will funds come from to pay for the care of the pet?
3. What care will be provided to the pet?



## Pet Trust

### C. Typical Provisions

1. Trustee and successor
2. Caregiver
3. Adequate duration of trust
4. Adequate funding
5. Pets to be kept together if appropriate
6. Trust protector
7. Don't incentivize the death of the pet
8. Instructions for standard of living and care of the pet
9. Wallet card
10. Compensation to trustee and caregiver
11. Identify animal specifically
12. Sample provisions of a pet trust

## Gun Trust

- A. Separate trust
- B. Facilitates passing of firearms to heirs
- C. Avoids paperwork required for additional transfers
- D. Can own general firearms or NFA firearms



## Gun Trust

### E. NFA firearms

1. Short barrel shotgun
2. Short barrel rifle
3. Machine gun
4. Any other weapon
5. Any silencer
6. A destructive device



# Gun Trust

## F. Trust provisions

1. State the purpose of the trust
2. Trust name
3. Provide for trustee and qualifications of the trustee
4. Stand-alone trust
5. Provide for continued ownership of the firearms for the benefit of grantor's family
6. Laws and regulations regarding firearms are continually changing