

## **Why put the money-account in the name of the Michigan Family Trust instead of just naming a beneficiary?**

- 1. Avoids probate – When the account is owned by the trust, the assets stay outside the probate process the moment the grantor dies. A named beneficiary still has to go through probate (or a small “small estate” procedure) before the funds can be transferred, which delays distribution and adds court fees.**
- 2. Immediate, seamless transfer – The trustee can move the money to the intended heirs right away (or according to the trust’s schedule) without waiting for a death-certificate, letters-testamentary, or a court order.**
- 3. Keeps the grantor’s wishes intact – A trust can spell out how, when, and to whom the money is paid (e.g., staggered distributions, conditions for education, protection from a beneficiary’s creditors or poor financial habits). A simple beneficiary designation can’t impose those controls.**
- 4. Provides continuity if the grantor becomes incapacitated – While the grantor is alive but unable to manage finances, the trustee steps in and can continue operating the account. A beneficiary designation does nothing until death; the bank would freeze the account pending a court-appointed guardian.**
- 5. Offers creditor protection (in Michigan) – Assets held in a properly drafted irrevocable trust are generally out of reach of the grantor’s creditors and, after death, can be shielded from the beneficiaries’ creditors as well. A beneficiary designation leaves the asset vulnerable to claims against the deceased estate.**
- 6. Preserves privacy – Probate filings are public record. Keeping the account in the trust means the details of the balance and the ultimate**

**recipients stay private, whereas a probate proceeding would disclose them.**

- 7. Simplifies estate-tax planning (even though Michigan has no state estate tax) – A trust can be structured to maximize federal estate-tax exemptions and to coordinate with other estate-planning tools (generation-skipping trusts, charitable trusts, etc.). A bare beneficiary designation offers no such flexibility.**
- 8. Allows for multiple beneficiaries or split interests – If the account should be divided among several heirs, the trust can allocate percentages or create separate sub-accounts. A single beneficiary designation forces the entire balance to go to one person.**

**Bottom line: Naming a beneficiary is a quick fix for “who gets the money after I die,” but placing the account directly in the family trust guarantees that the money passes exactly as you intend, instantly, privately, and without probate or unnecessary court involvement—and it protects the assets both during your lifetime (incapacity) and after your death.**