

Chambliss Estate Planning Newsletter – September 2024

Section 1.01 How You Can Utilize Your Trusts to Protect Assets and Provide for Loved Ones Published in EDGE Magazine

Shelton Swafford Chambers and Nick Nester were recently featured in Edge Magazine where they shared insights on how trusts can be a powerful planning tool for you and your loved ones.

EDGE

CHATTANOOGA'S BUSINESS MAGAZINE

MAY 2024
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**BUSINESS
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Staying Power

Check Into Cash founder Allan Jones came from humble beginnings to build a business empire. At 71, Jones is consolidating his companies but he's not ready to leave the office just yet.

HOW YOU CAN UTILIZE TRUSTS TO PROTECT ASSETS AND PROVIDE FOR LOVED ONES

Trusts are powerful planning tools that are frequently misunderstood. Trusts *can* have a reputation of being complex, restrictive, and expensive. While these attributes can be true, they do not *have* to be. If created properly, there is a wide range of flexibility to ensure the trust is crafted to meet your specific needs.



Shelton Swafford Chambers, CPA
Shareholder

Trusts to Protect You

Tennessee law provides for self-settled asset protection trusts, meaning that someone can create a trust and be a beneficiary of that trust, which, if done correctly, will ensure the assets inside the trust are protected from creditors. Tenancy by the Entirety Trusts (TBE) and Tennessee Investment Services Trusts (TIST) are the two most common self-settled asset protection trusts.

A TBE trust is a revocable trust created by a married couple that provides creditor protection similar to property held jointly with a spouse under Tennessee law. Unlike traditional joint revocable trusts, if a TBE trust is properly drafted and funded, the assets in the TBE trust maintain creditor protection against individual creditors. Often central to estate planning, TBE trusts can act as a substitute for a will, offering asset protection even after the first spouse's death, unlike property jointly held by spouses outright.

A TIST is an irrevocable trust established by you (the grantor) for your



Nick Nester
Associate

initially funding a TIST, the grantor must complete an affidavit disclosing known creditors and affirming solvency. The trustee must be a Tennessee resident or trust company but cannot be the grantor or a subordinate. If properly drafted, funded, and managed, TISTs gain protection from most creditors within 18 months or six months after discovery of the transfer, whichever is later.

Trusts for the Protection of Your Loved Ones

You may wish to create a trust for your loved ones for many reasons. Trusts created under Tennessee law can last for up to 360 years. The benefit of a trust being allowed to continue for 360 years is two-fold. First, the assets within the trust will largely remain protected from the beneficiaries' creditors (e.g., divorce) while remaining in the trust. This provides creditor protection of the assets for 360 years. Second, if properly prepared, the trust can avoid paying estate, gift, or generation-skipping transfer taxes (after

to pass a large sum of assets to multiple generations while providing creditor protection and avoiding transfer taxes on such assets.

Trusts are not only for the wealthy; those exposed to the risk of creditors. They also allow you to appoint a trustee to decide how much and when a beneficiary should receive the trust income, which can be useful when a beneficiary is a spendthrift or not financially sophisticated. Trusts give you the ability to determine who receives the assets after a beneficiary's death – this is common to protect the remainder beneficiary from a possible second marriage.

What Does This Mean?

An individual can create a trust for their benefit, which would be protected from creditors. Alternatively, a married couple can create a trust for their benefit, which would be protected from the creditors of one spouse. These assets could remain in the trust for 360 years, providing creditor protection to descendants while avoiding Uncle Sam getting his share at the end of each generation.

Whether you have a modest estate or millions, a trust under Tennessee law could provide you a great benefit.

For more information on how to create trusts, please contact Shelton Swafford Chambers or Nick Nester.

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Estate Planning Resources

my Social Security Transitions to Login.gov

A free and secure online account can be used to manage Social Security benefits. Account users can also check application status, request a replacement Social Security card, and view notices online. By 2022, more than 64 million people had a my Social Security account, per the Social Security Administration (SSA) blog...

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License Renewals: What Are the New Rules for Senior Drivers?

For better or for worse, our current culture depends heavily on cars to get where we need to be. In many places across the United States, cars serve as the only convenient link to the outside world...

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Microschools as an Option for Students With Disabilities

By law, public schools in the United States must provide services and support for students with special needs. However, some families find that an alternative to public schooling, known as microschools, better suits their specific needs. Parents of students with disabilities may benefit from exploring this option to see whether it could be a good fit for their child...

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Upcoming Events

Miracle League of Chattanooga

Where: Miracle League Complex at Warner Park | Fall Season: September 14-October 26, 2024

Miracle League provides those with disabilities the ability to enjoy the game of baseball, the thrill of competition, and the excitement of teamwork. For more information on Miracle League or to register, visit their [website](#).

Tennessee Aquarium Sensory-Friendly Visit

The Tennessee Aquarium is dedicated to providing an inclusive environment for guests of all ages. The Aquarium has also partnered with KultureCity to improve their ability to assist and accommodate guests with sensory needs. Learn more by visiting the [Tennessee Aquarium website](#).

Chattanooga Zoo Sensory-Friendly Visit

The Chattanooga Zoo makes every effort to provide an enjoyable visit for guests through various amenities and

accommodations. The Zoo has partnered with KultureCity to develop the Sensory Inclusive Zoo Initiative to continue expanding their services. Learn more by visiting the [Chattanooga Zoo website](#).

AMC Sensory-Friendly Film Program

AMC theatres offer a sensory friendly film program where they turn the lights up and the sound down. Sensory friendly films are available on the second and fourth Saturday (family-friendly) and Wednesday evenings (mature audiences) of each month. [Please check the local theatre listings for specific showtimes](#).

Also Check Out

New All-Abilities Playground Opens in Walker County

This summer, Walker County officially opened a playground for children of all abilities. Located on the Walker County Civic Center campus, Walker Rocks Park, has several traditional playground components like slides and rockers, as well as several climbing features. The playground has poured in place rubberized surface and ramps with barriers to enhance accessibility. To read more about this project, visit the [Walker County website](#).