

## TAX & ESTATE PLANNING

# Illinois Trust Code Changes in 2020

Courtesy of Lawrence Kamin, LLC

As of January 1, 2020, numerous changes to the law regarding trusts took effect in Illinois. Herein, we are focusing on the one change we think clients should be most concerned about: A trustee's duty to inform trust beneficiaries of the existence of the trust and providing them with financial records regarding the trust.

We anticipate that many clients who value privacy and want to foster financial independence within their family may not be comfortable with the new trust code disclosure requirements. Others may have concerns about the disclosures inviting elder abuse, family discord or other risks. Therefore, it is important that clients understand the requirements and the strategies that can be used to minimize the disclosure.

## NEW TRUST BENEFICIARY DISCLOSURE REQUIREMENTS

Beginning on January 1, 2020 and each year thereafter, the trustee of a trust created after that date must (i) inform the beneficiaries of the trust's existence, (ii) provide the trustee's contact information, and (iii) provide an accounting of the trust's assets, liabilities, income, expenses and disbursements. If a client has created a revocable trust, i.e. trusts of which they are the sole beneficiary and that they can completely change, then there is no present need to inform anyone of the existence of that trust or to provide accountings. However, once the grantor of a revocable trust becomes disabled or dies, the trust is then irrevocable and subject to the new rules.

## WAYS TO MINIMIZE DISCLOSURE

Within the Trust Code, there are ways to minimize this disclosure. For example, (i) a client can direct in the trust that someone, e.g. an accountant, financial advisor, attorney or a parent, receive all notices for beneficiaries who are under age 30; (ii) a trustee can obtain signed waivers from the beneficiaries; (iii) when drafting or amending a trust, a client can eliminate unintended beneficiaries, or provide for them in another manner, like powers of appointment; or (iv) a client can establish the trust in another state, such as Delaware.

If you have concerns about informing the beneficiaries about irrevocable trusts and/or revocable trusts that will become irrevocable upon disability or death, please contact your Lawrence Kamin attorney to discuss. We can identify strategies to overcome these challenges to protect your interests.

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