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PET TRUSTS: CAN YOU PLACE A VALUE ON MAN'S BEST FRIEND?

“What if” you had to value one of your most prized possessions - your pet. While we treat our pets as part of our family, technically pets are a property right or possession. This means you own your pet and when you pass away you need to give this valuable property to someone else to keep and care for. So, the next logical question is “who” do you trust to care for your pets?

Last month we addressed the pet caretaker decision in, “The Importance of Creating an Emergency Plan for your Four-Legged Friends.” Today, we address the “how to” in giving away your pet and how much is too much to set aside for your four-legged friend. (By the way, Leona Helmsley set aside \$12 million for her dog, “Trouble,” but later was reduced to \$2 million dollars by a judge.)

Like any other financial planning decision, the analysis starts with setting your goal and then realistically deciding what your financial ability is to reach that goal. Once you decide on an appropriate amount to set aside for your pet, then we embark (pun intended) on building the gift:

- The gift can be made in a will or in a trust.
- The gift can be made outright to the caretaker, or it can be in a trust.
- And you should note that since 2003, a pet trust in Florida is permitted by statute.

Based on the fact that your pet is a possession and not a person or entity, you cannot leave the gift directly to the pet. So, the gift is to a person or entity such as a trustee of a trust for the direct purpose of caring for your pet. Again, “who” do you trust and “how” do you ensure that this trusted individual will follow your wishes?

So, first determine the amount you wish to set aside and the amount you can afford to set aside. Look at your annual current cost of care and then multiply that by your pet’s estimated life expectancy. Then, add the unforeseeable veterinary investment that may

be needed for severe illness, end-of-life issues, and kennel or caretaker costs to provide your selected caretaker with regular breaks for vacation, etc. — yes, it all adds up pretty quickly. Then, consider making a separate gift to the caretaker for the service he or she will provide.

The pet trust looks like any other trust in structure. You select the manager of the trust, who is referred to as the trustee, and the current beneficiary of the trust, who of course is your wonderful pet. Then, you need to select the remainder beneficiary - who gets the leftover assets when your pet dies? A charity, such as Humane Society Naples, would be a good choice.

But you may not want to tie the caretaker’s compensation to this gift. It may be wiser to leave a separate gift to the caretaker and leave the remainder of the trust to charity (regardless of the tax benefits). Leaving excessive money in trust will result in extraordinary income tax that could be better used by your favorite charity or heirs.

As always, these are complex decisions that you should seek the advice of competent and appropriate professional advisors. Bark on!

Related Articles:

The Importance of Creating an Emergency Plan for Your Four-Legged Friends and the Pet Trust Checklist:

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