

RETIREMENT

readings

WHAT IS A TRUST?

The word "trust" is applied to all types of relationships, both personal and business, to indicate that one person has confidence in another person.

For our purposes, a trust is a legal device for the management of property. Through a trust, one person (the "**grantor**" or "**trustor**") transfers the legal title to property to another person (the "**trustee**"), who then manages the property in a specified manner for the benefit of a third person (the "**trust beneficiary**"). A separation of the legal and beneficial interests in the property is a common denominator of all trusts.

In other words, the legal rights of property ownership and control rest with the **trustee**, who then has the responsibility of managing the property as directed by the **grantor** in the trust document for the ultimate benefit of the **trust beneficiary**.

A trust can be a **living trust**, which takes effect during the lifetime of the grantor, or it can be a **testamentary trust**, which is created by the will and does not become operative until death.

In addition, a trust can be a **revocable trust**, meaning that the grantor retains the right to terminate the trust during lifetime and recover the trust assets, or it can be an **irrevocable trust**, meaning that the grantor cannot change or terminate the trust or recover assets transferred to the trust.

Trusts can be used:

- To provide management of assets for the benefit of minor children.
- To assure the grantor that children will benefit from trust assets, but will not have control of those assets until the child is older.
- To manage assets for the benefit of a disabled child, without disqualifying the child from receiving government benefits.
- To provide for the grantor's children from a previous marriage.
- As an alternative to a will (a "revocable living trust").
- To reduce estate taxes and, possibly, income taxes.
- To provide for a surviving spouse during his/her lifetime, with the remaining trust assets passing to the grantor's other named beneficiaries at the surviving spouse's death.

**Trusts are complex legal documents and are not appropriate in all situations.
Before establishing a trust, you should seek qualified legal advice.**

Brought to you by:



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About our firm:

M.W. Aragao is an independent firm that provides a comprehensive range of personalized investment management, wealth planning and taxation services. We are a registered investment adviser under the Investment Advisers Act of 1940. Our offices are located in Cumberland, RI. We have a nationally diversified clientele that includes individuals, families, corporations, trusts and estates.

QUOTES

from the Masters...

On Hopes

"Everything that is done in the world is done by hope."

-- **Martin Luther**

"Great hopes make great men."

-- **Thomas Fuller**

"A leader is a dealer in hope."

-- **Napoleon Bonaparte**

"Hope is the companion of power, and mother of success; for who so hopes strongly has within him the gift of miracles."

-- **Samuel Smiles**

On Being Unique

"You do not need to be different from who you are. You only need to be more of the person you already are."

-- **Brian Tracy**

"The greatest good you can do for another is not just share your riches, but reveal to them their own."

-- **Benjamin Disraeli**

MESSAGES

from the Masters...

TEN STEPS TO GOAL GETTING

by Zig Ziglar

- 1. Make the commitment to reach your goal.** "One person with a commitment is worth a hundred who only have an interest." -- Mary Crowley.
- 2. Commit yourself to detailed accountability.** Record your progress toward your goals every night, and list the six most important things you need to do the next day. Daily discipline is the key to reaching your goals.
- 3. Build your life on a solid foundation of honesty, character, integrity, trust, love, and loyalty.** This foundation will give you an honest shot at reaching any goal you have set properly.
- 4. Break your intermediate and long-range goals into increments.**
- 5. Be prepared to change.** You can't control the weather, inflation, interest rates, Wall Street, etc. Change your decision to move toward a goal carefully--but be willing to change your direction to get there as conditions and circumstances demand.
- 6. Share your "give-up" goals** (i.e., give up smoking, being rude, procrastinating, being late, eating too much, etc.) with many people. Chances are excellent they're going to encourage you.
- 7. Become a team player.** Remember: You can have everything in life you want if you will just help enough other people get what they want.
- 8. See the reaching.** In your imagination see yourself receiving that diploma, getting that job or promotion, making that speech, moving into the home of your dreams, achieving that weight-loss goal, etc.
- 9. Each time you reach a goal your confidence will grow so that you can do bigger and better things.** After accomplishing any goal, record it in your journal, Weekly Planner or Palm Pilot.
- 10. Remember, what you get by reaching your destination isn't nearly as important as what you become by reaching your goals--what you will become is the winner you were born to be!**

The purpose of this newsletter is to provide information of general interest to our clients, potential clients and other professionals. The information provided is general in nature and should not be considered complete information on any product or concept described.

For more complete information, please contact me (Office: (401) 475-7570).

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