

FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

FTC to Consumers: Make Sure Living Trust Offers Are Trust-Worthy

You've worked hard for your money, so it's no wonder that you'll want some control over what happens to your assets in the event of your death. At the very least, you probably want to minimize or avoid potential hassles and headaches for your loved ones.

Many consumers turn to experts in estate planning for help in directing what happens to their assets after they die. There are several strategies consumers can choose from to make sure that their assets are distributed as they wish and in a timely way. Unfortunately, there also are scam artists who prey upon misinformation and misunderstanding about estate taxes and the length or complexity of probate.

Some unscrupulous businesses advertise seminars on living trusts or send postcards inviting consumers to call for in-home appointments to learn whether a living trust is right for them. Others sell living trust "kits" they never deliver, and still others use estate planning services to gain access to consumers' financial information and to sell them other financial products.

The Federal Trade Commission (FTC), the government agency that works to prevent fraud, deception and unfair business practices in the marketplace, advises consumers to proceed with caution. Before you sign any papers to create a will, a living trust, or any other kind of trust, the FTC suggests that you:

- Explore all the options with an experienced and licensed estate planning attorney or financial advisor.
- Avoid high-pressure sales tactics and high-speed sales pitches by anyone who is selling estate planning tools or arrangements.
- Avoid salespeople who give the impression that AARP is selling or endorsing their products. AARP does not endorse any living trust product.
- Do your homework. Get information about your local probate laws from the Clerk (or Register) of Wills.
- Make sure your living trust is properly funded — that is, that the property has been transferred from your name to the trust.
- Ask if the seller of a living trust is an attorney. Some states limit the sale of living trust services to attorneys.
- Remember the Cooling Off Rule. If you buy a product or service in your home or somewhere other than the seller's permanent place of business (say, at a hotel seminar), the seller must give you a written statement of your right to cancel the deal within three business days.
- Check out any organization that wants your business with the Better Business Bureau in your state or the state where the organization is located before you send any money for any product or service. This is a prudent step, but not altogether foolproof: there may be no record of complaints if an organization is too new or has changed its name.

For more information about living trusts and estate planning, including a list of the "terms of art" and their definitions, consumers can call the FTC toll-free, 1-877-FTC-HELP, and ask for the publication, *Living Trust Offers: How to Make Sure They're Trust-Worthy*. Or, view the publication online at www.ftc.gov/bcp/online/pubs/services/livtrust.htm.