

## **Information & Instructions: How To Operate A Family Limited Partnership**

1. The following letter explains how a trust or family limited partnership should be operated for a estate planning purposes.
2. The letter is given to the client to help the client administer his/her trust or family limited partnership

### **Form: How to operate a family limited partnership**

[Date]

#### **ATTORNEY-CLIENT COMMUNICATION: THIS DOCUMENT AND ITS CONTENTS CONSTITUTE LEGALLY PRIVILEGED INFORMATION**

[Client's name]  
[Client's address]

Dear [Client's salutation]:

#### **FUNDING YOUR TRUST OR FAMILY LIMITED PARTNERSHIP**

Once your Life Insurance Trust, Irrevocable Investment Trust, Revocable Living Trust or Family Limited Partnership has been created, it is necessary to transfer ownership of your assets to the Trust or Partnership. This is called "Funding". It is equivalent to pre-settling your Estate.

We charge for the time we spend on funding for you and the reasonable expenses we incur in this work, such as postage, long distance tolls and filing fees, etc. This cost is in addition to the cost to prepare the legal documents. Because it is so important that funding be done accurately and because we want to help you minimize the cost of funding, we have set forth below some information to expedite the process and reduce your costs.

#### **LIFE INSURANCE TRUST OR IRREVOCABLE INVESTMENT TRUST**

New life insurance policies purchased by you to fund these Trusts should have the Trust designated as the owner and beneficiary of the policy. For example:

"The [Name] Irrevocable Investment Trust,

[Name], Trustee [Date]

Also, if you intend to set up a banking account for your Life Insurance Trust or Irrevocable Investment trust, you will need to obtain the appropriate form from your banking institution in setting up an account.

If you wish to fund the Trust with existing insurance policies, complete the appropriate insurance form and send it to your insurance agent. Have a copy of the acknowledgment of the change sent to our office for verification that the changes have been completed.

## **REVOCABLE LIVING TRUST**

As a general rule the ownership of all of your principal assets should be transferred to this Trust. If you have questions concerning specific assets, please call the Firm for guidance. The following will explain how to transfer different kinds of assets.

### **REAL PROPERTY**

Copies of your most recent deeds and deeds of trust if any should be copied and sent to the Firm.

### **LIFE INSURANCE**

The trust should be added as a Contingent or Secondary Beneficiary to life insurance policies. Form #5 will aid you and your insurance company to accomplish this change.

### **ANNUITIES**

Due to the complexity of annuities and the different types on the market, please copy your policy and mail it to the Firm for review, so that we may decide whether funding of this asset is advisable and if so, how it should be handled.

### **LIQUID ASSETS**

We also advise that Liquid Assets be placed into the Trust. Liquid Assets include Savings accounts, CD's Money Market Accounts, Stocks, Bonds and Mutual Funds.

To transfer stocks, bonds and mutual funds, sign the appropriate form which your stockbroker or insurance company will give you to transfer ownership to the Trust.

### **PENSION PLANS**

We also advise having the Trust added as a Contingent or Secondary Beneficiary to pension plans. Pension Plans include: IRA's, Profit Sharing Plans, Pension Plans, KEOGH (HR 10) and 401K Plans.

### **CLOSELY HELD BUSINESS INTERESTS:**

It is usually beneficial to transfer closely held business interests into the Trust. If you have any questions about this, call the Firm. Closely held business interests include common stock (not Sub Chapter S stock) and units of a Family Limited Partnership.

### **FAMILY LIMITED PARTNERSHIP**

If you have established a Family Limited Partnership, it is generally advisable to transfer the following assets into the Partnership:

### **REAL PROPERTY**

Please copy the most recent deeds and send them to the Firm.

### **LIQUID ASSETS**

Liquid Assets include: Savings accounts, CD's, Money Market Accounts, Stocks, Bonds and Mutual Funds.

### **ANNUITIES**

Due to the complexity of annuities and the different types on the market, please copy your policy and mail it to the Firm for review, so that we may decide how the funding should be handled.

### **COSTS OF FUNDING**

**THE TRUST AND LIMITED PARTNERSHIP DOCUMENTS WE HAVE PREPARED FOR YOU ARE ONLY EFFECTIVE WHEN YOU HAVE TRANSFERRED YOUR PRINCIPAL ASSETS INTO THEM.**

We will help you with the transfer of your assets as little or as much as you desire. The more you do yourself, however, the less we charge.

Our fees for preparation of your real estate documents and assignments are set forth on the attached Exhibit A. All other funding including liquid assets, stocks, bonds, pension plans, annuities and life insurance policies will be \$ \_\_\_\_\_ per letter transfer and will be due and payable upon completion of the asset transfers into your Trust of Partnership.

### **CONCLUSION**

If you have any questions, please feel free to call. Thank you for your immediate attention to this matter as funding of your Trust or Partnership is very important to you and your family, and again, thank you for your business.

Very truly yours,

[Name of attorney]

**Form: Client receipt for return of the client's file**

**RECEIPT FOR THE RETURN OF THE CLIENT'S FILE**

This receipt is to acknowledge that I have picked up my file and all supporting documents pertaining to my legal matter. I understand that no further attorney-client exists between me and [Attorney's name].

Signed on \_\_\_\_\_.

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[Client Name]