

Estate Planning for Lassie: Pet Trusts Can Provide For a Pet's Comfortable Future

By Arthur Rottenstein,
General Securities Principal

Pets are people, too – if you believe the names of veterinary services, grooming services and a host of other pet-related businesses across the nation. Of course, they're not, but approximately 71.1 million households – 63% of the total – in the United States have pets, according to an American Pet Products Manufacturers Association, Inc., survey, and most are regarded as members of the family.

In the nature of things, it is not unusual for pets to be left behind as their owners pass from the scene. So the question often arises about what should be done to ensure the care and feeding of the pet during the rest of its natural life. Dog and cat life expectancy is generally in the 10- to 18-year range, but more exotic pets can live longer. An African grey parrot can live to 60; someone's pet tarantula might make it to 30. It is estimated that two to four million pets are euthanized every year because they were left homeless when their owner died. The luckier ones are still enjoying life because the owner established a pet trust.

Estate planning for pets gained momentum during the 1990s, and pet trusts are now legal in most of the 50 states.

A Smooth Transition

If you die or become incapacitated, what will happen to that special "member of the family?" Legally, a pet is your tangible personal property. It would pass to your heirs or the beneficiaries of your estate unless you have a will or trust stipulating otherwise. Even if you have a will, it doesn't likely address who is actually the best person to care for your pet, nor does it address the immediate problem of care, which pets will need at once. They can't wait until after the will is through probate.

The pet trust is your chance to smooth the transition for your pet while providing the funds for its care and any special needs during its natural life. Details of such trusts vary by state, but no matter how you establish one, there are basic decisions to make before you act.

Selecting a Caretaker

Perhaps the most difficult step is finding the most suitable caretaker – someone not only able, but also willing to take on the care of your pet. Relatives and friends may enjoy visiting with your pet, but that doesn't necessarily translate into a willingness to provide for its daily care. Choose as carefully as you would designate the executor of your estate.

Let that person pet-sit for several days. Discuss what financial provisions should be made to reimburse the caretaker for actual expenses for food, toys, walking, veterinary

care and any special needs. When deciding whether additional compensation is called for, experts in this field suggest bearing in mind that being compensated may foster a sense of responsibility, but too much compensation could have unintended consequences. There have been incidents of pet caretakers mercilessly prolonging the life of a suffering pet in order to keep the compensation rolling in.

If you have no relatives or friends willing to accept possible pet-care responsibilities, you could investigate the fairly large number of non-profit organizations willing to do it.

Pet Information

Whether a person or an organization, your pet's designated caretaker will need comprehensive information – both short-term (suppose you are hospitalized for a limited time) and long-term. This could include registration papers, if they exist, and descriptions that amount to reliable ways of identifying your pet – the story is told of a caretaker of a black dog who kept finding other black dogs to keep the trust income coming in long after the original pet had died. Markings are obvious identification points, but beyond that, you might consider DNA identification or microchipping.

Other essential information includes a veterinary history, details of any medical conditions, dietary requirements, sleeping and exercise habits, even social preferences – especially any negative reactions your pet has to certain types of persons.

For many, taking care of pets left behind is a particularly sensitive subject. If you are interested in making sure a pet trust is part of your estate plan, please give me a call.

Arthur Rottenstein is a Registered Securities Principal with Raymond James Financial Services, Inc, member FINRA/SIPC in Boca Raton, helping people with financial planning strategies since 1982. Please feel free to call Arthur at (561) 391-6961 or email arthur.rottenstein@raymondjames.com. Please visit his website at bocaratonfinancialplanner.com