



Pioneer Bank & Trust

Trust & Investments

Local.

*704 7th Ave, PO Box 729
Belle Fourche, SD 57717-0729
Phone (605) 892-3494
Fax (605) 892-2115*

*2001 W Omaha St, PO Box 9189
Rapid City, SD 57709-9189
Phone (605) 341-2265
Fax (605) 341-7425*

*140 E Jackson Blvd, PO Box 10
Spearfish, SD 57783-0010
Phone (605) 642-2725
Fax (605) 642-1736*

Whitney Houston and trust planning

News of the tragic death of Whitney Houston's daughter, Bobbi Kristina Brown, was accompanied by speculation about the family's estate plans.

Whitney Houston left her entire estate in trust for her daughter. Trust principal was to be distributed over a period of nine years—10% when Bobbi Kristina reached age 21, 30% at age 25, and the balance upon reaching age 30. This pattern of sequential trust distributions is a common one. It avoids overwhelming the heir with too much, too soon.

As Bobbi Kristina was just 22 at her death, she had received only 10% of the trust assets. The size of the trust is unknown, but press speculation puts it at about \$200 million. In the event Bobbi Kristina does not have a will, the trust assets are to be divided among Whitney Houston's mother and two brothers. No word at this writing on whether there is a will, but it would be unusual for a 22-year-old to have done any estate planning.

If there is no will, Bobbi Kristina's father is her nearest relative, so he would be entitled to whatever is left (after paying final medical expenses) from her trust distributions.

One final wrinkle is that Bobbi Kristina's boyfriend, Nick Gordon, may try to claim that he is her husband. As her husband he would be entitled to a share of her estate, but not to a share of Whitney Houston's estate. Gordon cannot make a claim of common law marriage, as such marriages are no longer recognized in Georgia. He would have to provide a marriage certificate.

Planning a child's inheritance always involves tradeoffs. Typically, the child wants full and immediate access to assets, while the parent prefers to limit access until financial maturity is reached. In fact, a good argument can be made for having a trust for a child's inheritance last for a lifetime, to provide permanent creditor protection. Phased distributions, as chosen by Whitney Houston, provide a compromise solution.

(August 2015)

© 2015 M.A. Co. All rights reserved.