

# Why, And How, You Should Include Your Pet In Your Estate Plans

**Richard Eisenberg** , Contributor

Maybe you heard that Joan Rivers left a portion of her \$150 million fortune to her four rescue pups, who are now living with her longtime assistant. Or that Lauren Bacall's will said her dog, Sophie, would inherit \$10,000 of her \$26.6 million estate. You might have even laughed when you heard the news.

But anyone who owns a pet or ever has understands exactly what Rivers and Bacall were doing — ensuring that their loved ones would be cared for after they were gone. As Rivers told The Daily Beast's Tim Teeman in early September: "I've left money so the dogs can be taken care of." (In my own family, the loss of our beloved miniature schnauzer, Chance, a few years ago, was one of the saddest days of our lives.) If you're a pet owner, you should follow the lead of Rivers and Bacall, no matter how big your estate will be.

## **What Pet Owners Have Planned**

I was pleasantly surprised to see that many people do, according to a recent survey. Securian Financial polled 903 U.S. pet owners and found that 44% have made plans for what would happen to their pets if the owners passed away or were no longer able to care for them (80% of the owners had dogs; 65% cats and 14% had "other").

"We've seen a lot in the media that people feel their pets are part of their family and talked to some of our planners who said this is coming up quite often — owners wanting to be sure their pets will be taken care of," said Michelle Hall, manager of market research for Securian.

According to the survey, however, in most cases where owners have made plans, their instructions were just informal and weren't written down.

That could be problematic, since without written instructions, it's quite possible that the pets won't receive the medical care, love and attention the owners had in mind. Of the owners surveyed who have made financial provisions, 73% will leave a cash gift to the pet's caregiver (who may be named as the beneficiary in a pet trust); 38% added that caregiver as a beneficiary to their life insurance policy; 35% added more life insurance to their policy and 13% bought an annuity with the pet's caregiver as beneficiary.

## **When You Don't Leave Instructions**

If you're a pet owner but haven't included instructions in your will for who you want to care for your pet and how, you really should.

Otherwise, the pet will automatically go to whoever in your will inherits everything that isn't specifically mentioned (that person is known as the "residuary beneficiary." And if you don't have will, your pet will likely wind up going to your next of kin.

You might also want to follow the lead of Rivers and Bacall and dedicate a specific amount of money for your pet's medical care and feeding.

Be sure that anyone you want to care for your pet knows about it before you die; you don't want him or her to feel burdened or surprised upon your death.

Bear in mind, though, that naming a trustee for your pet in your will may not be legally enforceable and there's no guarantee your trustee will do what you ask.

"You have to hope the trustee will follow your wishes," said Karen Leslie, executive director of The Pet Fund ([ThePetFund.org](http://ThePetFund.org)), a nonprofit that helps people find money to pay their veterinary bills. "It's best to specify as clearly as possible how any money should be disbursed, to whom and for what purpose."

If your estate turns into a pitched battle, having written instructions and a signed agreement with a trustee would likely increase the chances that your wishes will be followed.

### **Two Types of Pet Trusts**

You can't leave money specifically to your pet. Generally, by law "a pet is considered property," said Leslie." That's why you might want to set up a pet trust to help ensure that your dog, cat, bird, fish, guinea pig, iguana (or whoever) gets proper care after you die.

With a pet trust, you set aside a specific amount of money to a trusted person who's then responsible for making arrangements for proper care.

A traditional pet trust is effective anywhere. Here, the trustee you designate sees that your caregiver gets the money you allocated for the pet and provides care as you've instructed.

Most, but not all states, also recognize "statutory pet trusts," which are often more general. It might say how much money you're leaving in trust for your pet and leave it to the caregiver to decide how to use the cash.

You might choose to fund the pet trust by naming its trustee as the beneficiary of a life insurance policy — that could be a special policy bought just for this purpose or a portion of your existing policy.

Make sure your pet's future caregiver knows about The Pet Fund, in case he or she can't afford the veterinary bills. (This group doesn't handle emergency care.) Serious medical problems can be extremely pricey, as with humans. "A hip replacement can run \$20,000 and a broken leg could cost \$5,000," said Leslie. Yes, those costs are steep. But you do what's needed for a loved one, if you can, human or otherwise.

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