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Help Your Clients Provide Financial Support for Their Pet in Uncertain Times

As of 2023, 66 percent of US households own a pet.¹ A Forbes Advisor survey of more than 5,000 dog owners found that 41 percent of dog owners spend between \$500 and \$1,999 a year on their dogs and 8 percent spend more than \$2,000 annually.² In addition to the annual cost of care, there is always the potential for emergency veterinary care, which can be costly. Your clients are likely concerned about what will happen to their pets if they die or are unable to make decisions or care for their pets. Several options are available to your clients to ensure that funds are available so their beloved furry family members continue to receive the same level of care and support they have always received.

Pet owners should evaluate the weekly, monthly, and annual costs associated with their pet's needs and create a budget. This budget can help clients determine a specific amount of money to be put aside to cover the pet's anticipated lifetime expenses. There are a few options available to structure the money set aside for the care of a client's pets.

Lump Sum to the Caregiver

One option to financially provide for a pet is for the client to give a lump sum to the person they choose to care for the pet at their death. This option is the easiest to carry out and does not involve any ongoing oversight or administration costs. However, because the money goes directly to the caregiver, no one will monitor the use of the funds. The client must trust that the funds will be used for the pet's benefit and must be okay with simply trusting their chosen caregiver.

that a third party does not need to be consulted before expenses are paid or the caregiver is reimbursed for out-of-pocket costs. It is important to note that with one person serving in both roles, there is still a risk that funds may not be spent appropriately on the pet without oversight by a third party.

¹ Michelle Megna & Ashlee Tilford, *Pet Ownership Statistics 2023*, Forbes Advisor (June 21, 2023), [https://www.forbes.com/advisor/pet-insurance/pet-ownership-statistics/#:~:text=to%20pet%20ownership%3A-,As%20of%202023%2C%2066%25%20of%20U.S.%20households%20\(86.9%20million,acquired%20pet%20during%20the%20pandemic.](https://www.forbes.com/advisor/pet-insurance/pet-ownership-statistics/#:~:text=to%20pet%20ownership%3A-,As%20of%202023%2C%2066%25%20of%20U.S.%20households%20(86.9%20million,acquired%20pet%20during%20the%20pandemic.)

² *Id.*

Pet Trust With the Caretaker as the Trustee

This approach to planning for a pet is a little more complicated than just handing money to the caregiver. In this scenario, money would be set aside in a trust specifically to care for the pet. There may be administrative requirements that the caretaker, as trustee, must do, such as submitting an accounting of the trust's income and expenses to a specified person under the trust. Despite these requirements, this approach does have some flexibility because the caregiver and the trustee are the same person, meaning that a third party does not need to be consulted before expenses are paid or the caregiver is reimbursed for out-of-pocket costs. It is important to note that with one person serving in both roles, there is still a risk that funds may not be spent appropriately on the pet without oversight by a third party.

Pet Trust With Separate Parties Serving as Caretaker and Trustee

The final option provides the maximum protection for the money set aside for the pet. The pet trust will contain funds to care for the pet, but the caretaker will need to work with a separate trustee to gain access to the funds in the trust. The trustee can ensure that the money is being used for the pet. This may be a wise option for clients who have animals that cost a lot to care for such as horses or exotic animals, because the amount necessary to care for them could be more than the client feels comfortable handing over to someone without any oversight.

Keep the Plan Up to Date

By proactively planning for their pets, pet owners can ensure that their pet is cared for and supported if they are unable to do so themselves due to incapacity or death. If clients already have an estate plan that provides for their pets, encourage them to schedule an annual review to address any changes in circumstances, such as additional pets, increasing pet needs, the designated caregiver's situation, or the client's finances.

As an experienced estate planning attorney, we can help your clients create the appropriate legal documents for the care of their pet within the applicable laws and regulations of their state. Pet owners deserve peace of mind knowing that their pets will transition to a new caregiver smoothly, with as little disruption in care as possible. Taking care of a loved one's future, including pets, is priceless. If you are interested in collaborating on pet planning for your clients or would like to discuss pet planning further, give us a call.



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PLANNING TEAM OF FINANCIAL ADVISORS, INSURANCE
PROFESSIONALS AND ACCOUNTANTS TO ADVISE
CLIENTS ON THE BEST WAY TO ACHIEVE THEIR GOALS**