

## **Ways to Provide Money to Care for Your Beloved Pet**

As of 2023, 66 percent of US households own a pet.<sup>1</sup> 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.<sup>2</sup> In addition to the annual cost of care, there is always the potential for emergency veterinary care, which can be costly. As a pet owner, you may have concerns about what would happen to your pet if you die or were unable to make decisions or care for your pet. There are several options to ensure that money will be available so your beloved furry family member will continue to receive the same level of care and support that you have always given them.

You will want to evaluate the weekly, monthly, and annual costs associated with your pet's needs. This process will help you determine a specific amount required to cover your pet's anticipated lifetime expenses.

### **Lump Sum to the Caregiver**

One option to financially provide for your pet is to give a lump sum to the person you choose to care for your pet at your death. This option is the easiest to carry out and does not involve any ongoing administration or oversight. However, because the money goes directly to the caregiver, there will be no one monitoring the use of the funds. You must trust that the caregiver will use the funds for the pet's benefit.

### **Pet Trust With the Caretaker as the Trustee**

This approach to planning for a pet is a little more complicated than just giving money to the caregiver. In this scenario, money would be set aside in a trust specifically to care for your 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. Despite these requirements, this approach does provide some flexibility because the caregiver and the trustee are the same person, meaning that a third party does not have 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 the 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 if you have animals that cost a lot to care for such as horses

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<sup>1</sup> 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.)

<sup>2</sup> *Id.*

or exotic animals, because the amount necessary to care for them could be more than you feel comfortable handing over to someone without any oversight.

### **Make Sure Your Plan Stays Up-to-Date**

By proactively planning for your pets, you can ensure that they are cared for and supported if you cannot do so yourself. If you already have an estate plan that provides for your pet, an annual review of your estate planning documents can address changes in circumstances, such as acquiring additional pets, an increase in your pet's needs, the designated caregiver's situation, or your finances.

We can also help you create the appropriate legal documents that meet your state's applicable laws and regulations. Peace of mind comes from knowing that your pet will transition to their caregiver smoothly, with as little disruption to their routine and environment as possible. Taking care of your loved ones' futures, including your pets, is priceless. If you are interested in providing for your pet through your estate plan, please reach out to our office to schedule an appointment.