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REVOCABLE LIVING TRUSTS

Explore the Differences Between Wills & Trusts and Understand How They Can Benefit Your Family's Protection

WHAT IS A TRUST ANYWAY? [trəst] *noun.*

A trust is a legal document that allows a third party to manage assets for the benefit of another party. In a typical trust, there are three relevant parties:

GRANTOR | SETTLOR

The person setting up the trust.

TRUSTEE | SUCCESSOR TRUSTEE

A trustee is responsible for managing the trust assets for the beneficiaries. He/she is considered a fiduciary and must abide by the grantor's wishes outlined in the trust document.

BENEFICIARY | BENEFICIARIES

The party to receive the assets or benefits from the trust.

REVOCABLE LIVING TRUST

A revocable trust outlines your desired asset distribution upon your death. Unlike a will, a trust functions as a private agreement, sidestepping probate and having the potential to extend across multiple generations. Establishing a revocable trust occurs during your lifetime, offering flexibility as it can be modified or adjusted at any point. However, it lacks asset protection during your life, as both additions to and withdrawals from the trust are feasible, leaving room for potential creditors to access assets. Following your demise, the revocable trust becomes irrevocable, potentially offering asset protection for your beneficiaries.

THE 5 BENEFITS

OF ESTABLISHING A REVOCABLE TRUST IN ESTATE PLANNING

1 PROBATE AVOIDANCE

One of the primary advantages of establishing a revocable trust in estate planning is the avoidance of probate. Probate is a court-supervised process that involves distributing assets to heirs, which can sometimes be time-consuming and may require professional assistance. The costs associated with probate can vary and are typically a percentage of the value of your estate. By transferring the legal title of assets from an individual's name to the trust during their lifetime, the probate process can be successfully bypassed. This strategic move not only saves time and money but also maintains the privacy of the individual's financial affairs.

2 ENHANCED PRIVACY

Unlike a will, which becomes public record upon filing with the local court, a revocable trust remains a confidential document. This aspect ensures that an individual's financial details aren't exposed to public scrutiny. Following the individual's passing, the successor trustee steps in to carry out asset distribution according to the individual's wishes while maintaining the confidentiality of the trust.

3 POTENTIAL CONTINUANCE, CONTROL FROM THE GRAVE, AND ASSET PROTECTION

A revocable trust offers the unique benefit of continuity beyond the individual's lifetime. State laws determine the duration for which a trust can persist, allowing for assets to be distributed over time or kept in trust for the benefit of heirs. This provision enables individuals to create a lasting legacy and exercise control over how their assets are managed, even after their passing. Assets held within the trust are generally protected from potential creditors of beneficiaries, including divorcing spouses, which can provide an added layer of asset protection.

4 INCAPACITY PLANNING

A revocable trust appoints a successor trustee, empowering them to manage an individual's financial affairs in the event of incapacity or death. This proactive measure is designed to manage the individual's financial matters, aiming to provide a level of comfort for both the individual and their heirs.

5 STRATEGIES FOR REDUCING ESTATE TAXES

The current estate tax exemption is significant, and a revocable trust can potentially help to preserve this exemption between spouses, which may help to reduce estate taxes upon the death of the surviving spouse. This feature becomes particularly relevant given the fluctuating nature of estate tax laws in response to the political environment, offering a prudent approach to estate planning.

WILLS VS TRUSTS: PROS AND CONS

	PROS	CONS
WILLS	Inexpensive No retitling of assets Guardian appointed for minors	Probate No asset protection Zero privacy
TRUSTS	No court entanglement Privacy is maintained Beneficiary protection from creditors and estate depletion	More expensive than a will Retitling of assets required

NAMING YOUR SUCCESSOR TRUSTEE

Selecting a successor trustee is often the most challenging aspect of crafting your trust. Many clients opt for their eldest child, inadvertently imposing a significant burden on them. To steer clear of potential family conflicts, you may consider designating a trustee who's a neutral third party, unbiased, and possesses professional training in trust administration. This approach can help prevent family heartaches and ensure a more impartial and expert handling of trust responsibilities.

Fortunately, you don't have to go through this process alone. Let us help you gain confidence and peace in an area that's complex and sensitive. We have strategic partnerships specifically to connect you with estate planning attorneys who can help you navigate your options. Inclusive of understanding what it means to appoint a corporate trustee.

We look forward to helping you navigate your options.

Source: Icon Trust
https://icontrustnv.com/trust-type/revocable-living-trusts/