WILLS VERSUS TRUSTS:
Which One is Right For You?

Wills and trusts are both estate-planning tools that can help ensure your assets are protected and bequeathed to your heirs. However, the transfer process becomes more involved when passing wealth to a subsequent generation.

A will is a written document expressing a deceased person's wishes, from naming guardians of minor children to distributing assets upon death. Trusts are active the day you create them, and a grantor may list the distribution of assets before their death, unlike a will. Unlike a trust, a will must go through probate and can also be contested.

WILL

- It's a legally enforceable document stating how you want your affairs handled and your assets distributed after you die
- Can include a directive of how you want your funeral or memorial managed
- Your estate becomes part of the public record, and anything left by a will must go through probate court
- Retirement accounts and life insurance policies that pass straight to beneficiaries don't go through the probate process
- If you have minor-aged children at home, it's important to have a will that appoints guardianship of your children
- A will allows you to disinherit a child or spouse under certain circumstances
- If you die without a will, a condition called intestate is enacted, and courts follow a set formula for how to divide your assets, which could result in actions that negatively impact a surviving spouse or child
- If your estate is worth less than $11.7 million, there's no tax return required, and you won't be charged an estate tax

REVOCABLE LIVING TRUST

- It's called a living trust because it's created and maintained while the owner/trustor is alive and is revocable because it may be changed during the life of the trustor
- It holds a fiduciary relationship in which you give another party authority to handle your assets for the benefit of a third party
- There aren't court or attorney fees after the trust is established
- Your property can pass immediately and directly to your named beneficiaries, skipping the probate process
- The contents of the trust can rarely be challenged in court, and the contents of the trust are held private
- One doesn't usually trump another, but if any issue arises, a living trust will most likely override a will
- To be valid, a trust must identify the following: the trustor, the trustee, the successor trustee, and the trust beneficiaries
- When set up properly, trusts can reduce how much of an estate is taxed at the 40% rate

Nearly everyone should have a will, but not everyone needs a trust.

For more clarification and to properly set up your estate so that your intentions are handled as you wish, contact our office at (860) 430-2138

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[1]*https://www.investopedia.com/articles/personal-finance/051315/will-vs-trust-difference-between-two.asp*