

Revocable/Living Trusts

Another alternative for estate planning is the use of a revocable or living trust. Revocable trust estate planning avoids many of the pitfalls involved with joint ownership, beneficiary designations, and wills. A revocable living trust is a separate legal entity that owns and holds property for your benefit and the benefit of your loved ones. You create the trust, serve as trustee, and you and your family are the beneficiaries of the trust. After the trust is created, you transfer the ownership of most of your property to the trust. The terms of a revocable trust permit you to retain full control and use of the trust property during your life. A revocable trust estate plan for a married couple may consist of a separate trust for each person or a joint revocable trust. The choice will depend upon the size of the combined estate and the ownership of property when the estate plan is prepared. If separate trusts are used, the husband and wife can serve as co-trustees of each other's trust and still have joint control over all the family assets without the drawbacks of joint ownership. A revocable trust remains revocable and amendable during your life and you can add things to the trust or take them out at any time.

Unlike a will, joint ownership, or beneficiary designations, a revocable trust does not only provide for death planning. A revocable trust is in being and working during your life - you don't have to die to use it. You can see how your estate plan works while you are living and change it as necessary. Revocable trusts include disability planning because they avoid the need for conservatorship or guardianship if you become incapable of managing your property. The spouse co-trustee or successor trustee you selected takes over and manages the trust property for your benefit and the benefit of your loved ones, according to the instructions you include in the trust.

Wills require probate for all but the smallest estates. Joint ownership and beneficiary designations between spouses avoid probate on the first spouse's death only. Revocable trusts avoid probate for both the husband and wife. A revocable trust does not die when the person who created it dies. Upon your death, the successor trustee you selected takes over and manages and distributes the trust assets as you specified without the necessity of the expense, time, and public nature of probate proceedings. If you own real property in several different states, use of a revocable trust avoids multiple probate proceedings.

Revocable trusts permit you to control the way your property passes at death so that it passes to whom you want, the way you want, when you want and how you want. Properly drafted revocable trusts include provisions that will save you every possible tax dollar, professional fee, and court cost. Revocable trusts can be designed with

provisions that will ensure the estate tax exclusion amount of both the husband and wife are fully used. They can also be prepared with provisions for charity and to provide creditor protection for the property passing to the surviving spouse and children. For most persons, revocable trust estate planning provides the best solution to their concerns about lifetime control of their assets, disability planning, and control over the way their assets pass at their death.