

Estate Planning And The Revocable Living Trust

What is a revocable living trust?

According to Plan-My-Estate.com - With a Revocable Living Trust, you transfer the title of any of your assets (such as a house) from yourself as an individual, to yourself as Trustee of the Trust. Then you, as the Trustee of the Trust, manage the assets of the Trust for the benefit of the beneficiary, which is you. In this manner, you keep complete control over the assets. Once you pass on, a Successor Trustee takes over the management of the assets for the benefit of the beneficiaries that you named in your Trust. Your assets do not have to pass through Probate because the assets are no longer titled in your name as an individual, but are now titled in the name of the trust. Upon your death, the Successor Trustee simply transfers your assets directly to your beneficiaries without the need for court or attorney's fees or costs.

With a Revocable Living Trust you keep complete control over your assets and ensure that your assets are passed to your designated beneficiaries without delay or unnecessary costs.

Why use a revocable living trust as part of your estate planning strategy?

1. Assets funded into the trust avoid probate. This can save your beneficiaries time and money and if there is no probate, there is probably no public record of the distribution of assets. Note, however, that only the assets written into the trust agreement are covered by the trust. If you win the lottery today and die tomorrow without amending the trust, the winning proceeds will not be covered and may have to be run through probate.
2. You decide when and what principal and or income will be passed to which beneficiaries and for what purposes the income or principal can be distributed, ie: so and so can only use the money for educational purposes. If it's not used for educational purposes by a certain date then it goes to another beneficiary. Or, the income from the trust is to go to your current spouse and when she dies or remarries or what ever condition you wish to add, the assets are to be distributed to your children, or your children are to receive the income from the trust until they reach a certain age and then the assets are to be distributed as set up in the trust.
3. The trust's assets are normally protected from the beneficiary's creditors as the trust owns the assets not the beneficiary. Note: The trust's assets are not normally protected from your creditors. Because a living trust is revocable your creditors can usually go after the assets.

You should consult with an attorney who specializes in estate planning.

While a living trust can offer many advantages in addition to the foregoing, it also has various disadvantages. The advantages and disadvantages can depend on both your financial and personal situation. A good attorney will go over your both your financial and personal situations and then provide you with proper advice about planning and protecting your estate and assets.

David G. Hallstrom, Sr. is not an attorney and the foregoing information is not given as legal advice. It is instead given as information and opinion gathered and developed through experience over the last thirty years as a private investigator dealing almost exclusively with attorneys. The author also interviewed various estate planning attorneys prior to writing this article. Although the author believes the information to be accurate no guarantee is made or implied. As in all legal matters the advice of a competent attorney should be sought when planning or attempting to protect your estate.

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