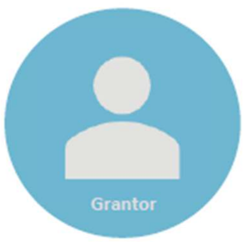
Planning *Insights*
What is a Revocable Trust?

Unlike a Will that becomes relevant only after you die, revocable trusts, also known as "living trusts," may be fully or partially funded while you are still living and generally deal with your liquid assets. A revocable trust is a separate, distinct legal entity recognized by law as having the power through its trustee(s) to own and administer property, both real and personal. Property transferred to and owned by the trust is administered and controlled by the trustee. The trustee in turn can only act in the manner directed or allowed by the trust instrument or the law applicable to the trust. As the name implies, revocable trusts are the most flexible type of trust arrangement – they are subject to your control while you are still living, so you can change them at any time. Upon your death, however, they become irrevocable (unchangeable).

Parties



The grantor is the individual who creates the trust.

The individual(s) with the duty to act on the grantor's wishes as expressed in the trust instrument.

The individual(s) or entity(s) entitled to benefit from the trust.

In a revocable trust, the grantor often serves in all three roles while living. Typically, the grantor will choose at least one other individual to serve as a co-trustee. Upon the grantor's death or incapacitation, the co-trustee(s) will step in and take over the administration of the trust.

Benefits of a Revocable Trust

Privacy
State law requires the executor/personal representative of a will to file an inventory of all probate assets with the probate court. This includes a full copy of a decedent's will. Trust assets bypass probate and are, therefore, sheltered from public scrutiny.

Avoids Probate
Trusts allow for a faster and less costly method of asset transfer than a will, which requires court supervision or probate. Probate is the legal process for transferring property when you die. It can be expensive and time consuming. Trust assets avoid the costly court fees and typically take precedence over the property designated in a decedent's will.

Asset Disposition
A successor trustee can act immediately, without court permission or probate related delays.

Incapacity or Disability
In the event of a grantor's incapacity or disability, the co-trustee or successor trustee can step in immediately (pursuant to the terms of the trust) and provide for the grantor's needs in accordance with the trust terms.