



REVOCABLE TRUSTS

Privacy and Protection for You and Your Family

The Revocable Trust is an increasingly common estate planning tool that offers several significant advantages when compared to a traditional Last Will and Testament (or “Will”). Though Revocable Trusts have become more common, they are often misunderstood and thought of as something only for the very wealthy. While a Revocable Trust may indeed be beneficial for the very wealthy, its benefits can be shared by many families.

The ABCs of Revocable Trusts

- A Revocable Trust is a legal instrument created by a grantor. With regard to the disposition of property at the grantor’s death, it serves as a substitute for a Will.
- The grantor appoints a trustee who manages trust assets. Typically, the grantor of a Revocable Trust acts as the initial trustee and names a successor trustee upon their death or disability.
- Upon a grantor’s death, the successor trustee is responsible for distributing trust assets to the beneficiaries named in the Revocable Trust.
- While the grantor is alive and well, the Revocable Trust can be freely amended or revoked at the discretion of the grantor. When the grantor dies, the Revocable Trust becomes irrevocable. With few exceptions, an irrevocable trust cannot be changed or modified easily.

Revocable Trust Advantages

There are several important benefits associated with Revocable Trust planning that traditional Wills do not provide, including the following:

- **Asset Protection.** Following the death of the grantor, assets left in trust for beneficiaries can be protected from their creditors. It is important to note that not all Revocable Trusts are drafted to maximize creditor protection for beneficiaries, so be sure to consult your attorney if asset protection is important to you.
- **Privacy and Probate Avoidance.** Probate is the legal process used to administer Wills following death. It is a public process that can be lengthy and expensive. A Will must be submitted to a probate court following death and is available for inspection by any individual. On the other hand, Revocable Trusts are not required to be filed with a court following death and only beneficiaries are entitled to a copy. As a result, the successor trustee can administer and distribute trust assets privately and without court approval.
- **Immediate Access to Assets.** An executor named in a Will has no power over the deceased person’s assets until a probate court validates the Will and officially appoints an executor. With a Revocable Trust, the successor trustee has immediate access to trust funds following death and can pay necessary estate expenses and living expenses for the surviving spouse or other beneficiaries without forcing a grantor’s friends or family to front the costs.

Revocable Trust Caveats

- **Trust Funding.** Following the creation of a Revocable Trust, many of the grantor’s assets must be funded or retitled into the name of the trust for it to bypass the probate process. Depending on the number of assets, this process can be time consuming.
- **Last Will and Testament Still Necessary.** In most cases, a Will is still needed in the event some of the grantor’s assets are not properly titled during their lifetime. In addition, parents who wish to name a guardian for their minor usually do so in a Will.