

Trusts

There are many types of trusts, but I want to speak to one particular type of trust. That of the REVOCABLE LIVING TRUST. There are some people that disagree with me on this, but I feel like this particular instrument is one of necessity in your plan. It should be a goal of each of ours to get to a place where we can have a trust implemented. This is assuming you have enough in assets to want to pass something on to beneficiaries. Things like real estate, bank accounts, investment accounts, and the like.

But I don't have enough money for a trust- This is the first of the excuses I hear when I recommend a trust. To be frank, those with lower amounts of money (who knows what that means) need to have a trust simply because they're not going to have the money to come up with court costs, probate fees, lawyer fees and the like. Granted, you can have things like your IRA's and life insurance properly designated to beneficiaries, but what about real estate, savings accounts and brokerage accounts. Amongst all the costs that could be incurred, a \$500-\$1500 charge to get a trust in place is a small investment.

What a trust "buys" you- A trust allows you to bypass probate first off. Probate is the headache and costly process of putting your property, upon death, up for grabs to any supposed creditors. Trusts provide a nice safety net that way. Guardianship is another concern. Assets that have trusts as beneficiaries allow minors to not have to wait for a court to set up guardianship before the life insurance pays out. Or if the beneficiary die along with you, like in a car crash for example, the proceeds go to the estate and then have to work through the probate process. Guardianship fees can cost \$1000's. Incapacity is one other area where trusts are very helpful. Trusts allow you a very robust platform for you to dictate what happens in the event you are incapacitated.

Wills vs Trusts- Typically we recommend considering a will along with the trust, but so you can distinguish between the two... A will is public, through the probate process, a revocable living trust is generally private. Wills don't define an estate, they only dictate where assets should go if no other creditors lay claim to them first. Wills instruct how to pay the taxes and debts, who should manage property, name guardians for children, etc. So in short, you should consider having both a will and a trust.

In summary, a well-drafted trust, by a competent attorney, is an extremely valuable asset that can save you and your beneficiaries in both money and headache.