

# TRUST & ESTATE ADMINISTRATION

# REVOCABLE LIVING TRUST



A revocable living trust is one of the best known and most popular methods of providing for financial continuity, avoiding probate, and protecting financial privacy. A living trust is:

- one that becomes operative during the creator's lifetime. An almost infinite variety of living trusts are possible, and they are usually tailored to the individual needs and wants of the creator.
- a legal agreement under which you – the grantor – transfer assets to the trust to be managed by a trustee for the benefit of one or more people, generally you and your spouse. The trustee is responsible for administering the trust and managing the trust assets. You can serve as your own trustee during your lifetime or you may want to choose another person or a financial institution as your trustee.
- "living" because it takes effect as soon as the grantor sets it up, and it continues during the grantor's lifetime (and even beyond if the grantor arranges for it). The grantor can amend or end the trust – revoke it – at any time.

## FLEXIBILITY

A revocable trust is a highly flexible estate-planning document. Often people who have a living trust will name a professional corporate trustee as their "successor trustee" and specify the conditions under which the successor trustee would be called to act. For example, a successor trustee could act in the event of incapacity, nursing home admission, long-term illness, extended out-of-the-country travel, or at the death of the first spouse.

## ASSET MANAGEMENT

Living trusts have other estate-planning advantages as well. You can use a living trust to unify your estate's assets under one asset management team during your lifetime. This investment team can then provide continuing skilled, professional asset management for your family and other heirs after you're gone.

## PROBATE AVOIDANCE

Assets funded into a living trust during the property owner's lifetime will not pass through probate. The provisions of the trust document will govern distribution of the trust assets at the grantor's death. In some cases, the trust directs that assets continue to be held, invested, and administered for the benefit of loved ones.

### WHAT IS PROBATE?

Probate is the court-supervised process of proving and administering a will. This process can be time consuming and expensive depending on the size and complexity of your estate. Probate requires that a full accounting of your assets and debts be made public record. Furthermore, when your will is probated, its terms generally become public record.

## DISABILITY PLANNING USING A REVOCABLE LIVING TRUST

Who will pay your bills, make appropriate financial management decisions for you, and invest your assets if you become incapacitated and can no longer handle these responsibilities yourself? Unless you plan ahead, the answer is a guardian or conservator appointed by a state court. A revocable living trust avoids this situation. Your trustee simply takes over the asset management burden and bill pay duties for you in the event of your incapacity, disability, or upon the occurrence of a predetermined event such as entering a nursing home. In this way you can ensure your assets will continue to be managed as you would want, with no interruptions.

## WANT TO LEARN MORE?

Let's talk. Contact your First Business representative today.