

How You Can Benefit From A Trust

A Revocable Living Trust is a contract by which individuals (the settlors) transfer title of assets from their names to the trustee of the trust. A trustee is designated to manage the trust property according to the terms outlined in the trust document. The settlors are often the initial trustees of the trust and maintain complete control of the trust during their lifetimes. The trust is revocable, meaning that the settlors can change or even terminate the trust at any times during their lifetimes. A few advantages of a trust are as follows:



1. A Trust Avoids A Conservatorship for Trust Assets.

If you become disabled or are otherwise unable to manage your estate, a properly funded trust typically allows you to avoid the need for a court-supervised conservatorship for your trust assets. If you are unable to manage your trust assets, you have already named a successor trustee to step in and handle your affairs without governmental interference and the expense of a conservatorship.

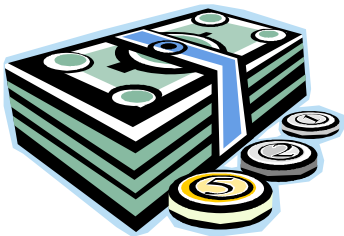
2. A Trust Avoids Probate for Trust Assets.

Upon your passing, your trust document provides for the distribution of your trust assets directly to your selected beneficiaries named in the trust document. Therefore, your trust assets do not need the probate court to distribute assets. Your trust eliminates court costs associated with trust assets, and there will be no court-ordered executor or attorney's fees. Furthermore, there will be fewer delays in distributing your assets, and the terms of your estate plan will remain private.



3. For Spouses: A Trust Can Reduce or Eliminate Federal Estate Taxes.

In a typical situation where each spouse leaves all of his or her property to the surviving spouse, no tax will be due at the death of the first spouse. However, when the second spouse dies, estate tax will be assessed on every dollar not covered by the estate tax exemption amount. Leaving all property to your spouse does not utilize the estate tax exemption amount. By contrast, in a trust, each spouse can use his or her exemption amount while still allowing the surviving spouse to enjoy the benefits of the deceased spouse's property.



4. A Trust Can Provide Creditor Protection for your Children.

A trust can provide for the care, support and education of your children or other young beneficiaries by providing management of the children's assets by the trustee. The assets can then be distributed to the children outright at the ages you select. The trust for your children eliminates the need, expense and burden of a court-supervised guardianship. Furthermore, your trust can protect its assets with a "spendthrift" provision to ensure that funds go toward your intended purposes, rather than to creditors attempting to collect debts incurred by the children.



5. Other Benefits of A Trust.

A trust can also be helpful if a beneficiary is disabled and/or receives governmental benefits. In this case, the trust can be structured as a "special needs trust" to avoid jeopardizing these benefits. In addition, in "blended family" situations, a trust can be drafted to ensure that both the surviving spouse and the children from the deceased spouse's prior marriage receive fair treatment and protection.

