

## Simplify Estate Planning With a Living Trust

Living trusts are one of the most prevalent estate planning tools in use today.<sup>1</sup> Many people use a living trust instead of a will to avoid probate, a court-supervised process for transferring assets to the beneficiaries listed in your will, which can be expensive and exposes your estate to public record. A living will does not avoid the estate tax but makes the settlement process much easier.

Living trusts are most appropriate for those with substantial assets or complex estates. In general, financial planners frequently recommend them for individuals or couples with an estate of \$100,000 or more. Estates of this size typically are subjected to probate in the deceased's state of residence, which can cost anywhere between 2% and 4% of the estate's value in court and legal fees. Young couples without significant assets and without children, who intend to leave their assets to each other when the first one of them dies, may not benefit from having a living trust.

### Naming a Trustee

When establishing a living trust, most people name themselves as the trustee in charge of managing the trust's assets. You should also name a successor trustee, either a person or an institution, who will manage the trust's assets if you ever become unable or unwilling to do so yourself. A living trust is not irrevocable, so you can amend it at any time.

Almost any type of asset can be placed in a trust, including savings accounts, stocks, bonds, real estate, life insurance, business interests, art, collectibles, and personal property. To fund a trust, you need to change the name or title on your assets to the name of the trust. Be sure to be thorough: Anything that remains in your name will not be considered part of the trust.

### Spouses and Domestic Partners

Since a living trust can hold both separate and community property, it can be a convenient estate-planning vehicle for spouses and registered domestic partners to plan for the management and ultimate distribution of their assets in one document.

### Wills Versus Living Trusts

	Wills	Living Trusts
<b>Probate</b>	Subject to probate Become public record	Not subject to probate Remain private
<b>Cost</b>	Generally cost less to create but probate costs can be significant.	Generally cost more to create but avoid probate.

An estate planning attorney can advise you on whether a living trust is appropriate for your personal situation. This type of "substitute will" may help you transfer assets to your heirs in a way that maintains your privacy.

### Source/Disclaimer:

<sup>1</sup>The information presented here is not intended to be tax or legal advice. Each individual's situation is different. You should speak to a tax or legal professional to discuss your personal situation.