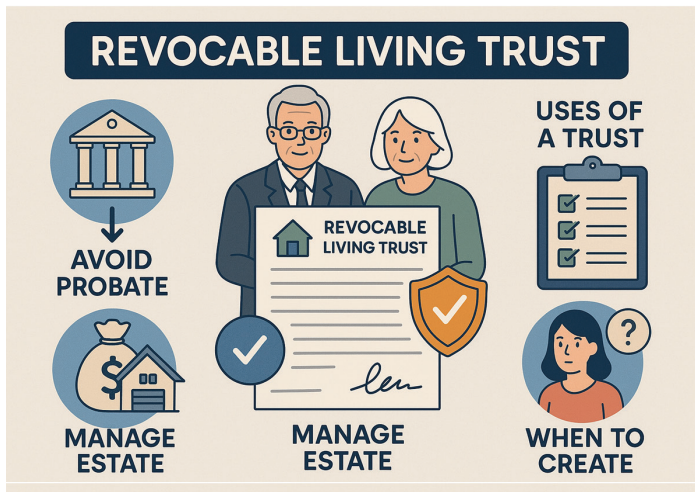


REVOCABLE LIVING TRUSTS: WHAT YOU NEED TO KNOW



BY SCOTT TALBOT

A Revocable Living Trust (RLT) is a legal document that allows individuals to manage their assets during their lifetime and efficiently distribute them after death. This type of trust is called “revocable” because it can be altered or dissolved by the grantor (the person who creates the trust) at any time, so long as they remain mentally competent. Its flexibility, control, and privacy make the RLT a popular estate planning tool.

HOW DOES A REVOCABLE LIVING TRUST WORK?

When creating a revocable living trust, the grantor transfers ownership of their assets into the trust, naming themselves as the initial trustee. This means they can continue to manage their assets just as they did before, including buying, selling, and investing. Upon the grantor’s death or incapacity, a successor trustee takes over, managing or distributing the assets according to the grantor’s instructions.

KEY BENEFITS OF A REVOCABLE LIVING TRUST

1. **Avoiding Probate:** Assets held in an RLT are not subject to probate, which can save time, reduce legal fees, and maintain privacy, since probate proceedings are public.
2. **Flexibility:** The grantor can make changes or dissolve the trust entirely at any time.
3. **Incapacity Planning:** If the grantor becomes incapacitated, the successor trustee can manage the assets without the need for court intervention.
4. **Privacy:** Unlike a will, which becomes a public record, an RLT remains private, protecting the details of asset distribution.

WHEN SHOULD YOU CONSIDER A REVOCABLE LIVING TRUST?

A revocable living trust is not necessarily for everyone. However, it is highly beneficial in the following circumstances:

- **Owning Property in Multiple States:** An RLT can help avoid probate in multiple jurisdictions.
- **Privacy Concerns:** High-net-worth individuals, or those wishing to keep estate details private, can benefit from the trust's confidentiality.
- **Complex Family Situations:** Various issues such as blended families, business ownership, or very high net worth may be more easily addressed with a trust.
- **Planning for Incapacity:** Those concerned about future incapacity may use an RLT to specify who will manage their assets without court involvement.

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LIMITATIONS OF REVOCABLE LIVING TRUSTS

While RLTs offer many advantages, they do not provide protection from creditors, nor do they shield assets from estate taxes. Additionally, creating and maintaining a trust requires time and resources, making it less ideal for those with simple estates or minimal assets.

CONCLUSION

A Revocable Living Trust provides a versatile estate planning tool that can streamline asset management and distribution. It is particularly useful for those who want to avoid probate, plan for incapacity, or maintain privacy. Consulting with an estate planning attorney is essential to determine whether an RLT aligns with your individual needs and financial goals.

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