

Living Trusts

Flexible planning that helps protect your assets and simplify your estate

Why You May Need One

Whatever your age, family situation, or lifestyle, a living trust could play an important role in your financial and estate plans.

You want to be prepared. No one knows what the future may hold. A trust allows you to arrange for the management of your assets in case someday you are unable to be in charge. If you become disabled, your trustee will make investment decisions according to the terms of your trust. You have peace of mind knowing your trust will protect your family when you no longer can.

You want to avoid probate. The assets titled in the name of your trust generally won't be subject to probate. Your heirs will avoid the costs, delays, and publicity that usually accompany the probate process.

You want professional portfolio management. With a well-chosen trustee, you receive high-quality, professional investment management. You free up time for other pursuits.

You want to simplify your estate for your family. If you own numerous properties or a large, complicated portfolio, your loved ones may not want the responsibility of managing your estate. A living trust can simplify matters if you make the appropriate legal arrangements for all of your assets to be administered and professionally managed under your trust after your death.

How It Works

A living trust is a legal arrangement involving three parties. The grantor sets up the trust. The trustee holds and manages the trust assets. And the beneficiary benefits from the trust assets.

The three don't have to be different individuals or entities. You have the flexibility to be both the grantor and the beneficiary. Or you could be the grantor and the trustee. It's even possible to play all three roles, where the law allows.

You decide who will benefit from the trust assets. For example, you can choose yourself, your children, or other family members as your beneficiaries. And you determine the timing and amount of distributions from the trust.

You can retain the right to change the terms of your trust or end your trust at any time by making it "revocable". With a revocable trust, you're not locked in. You can name one or more new beneficiaries, change trustees, alter the duties of your trustee, add or withdraw asset from your trust, or even terminate the trust.

Planning Flexibility

You can set up your trust to provide as much, or as little, asset management as you need. If you don't have the time to take care of the day-to-day duties, your trustee can handle all the administrative details while you continue to make the investment decisions. Or your trustee can provide complete asset management, based on your instructions.

If you are ill and unable to make decisions, your trustee will continue to manage your assets. Or you can include a standby provision in your trust to have a co-trustee or successor trustee take over for you if you are unable to serve in that capacity. Your finances will be in good hands until you're back on your feet.

After your death, your trustee can continue to provide asset management. This is especially important if your beneficiaries are financially inexperienced. And, if your children are minors, your trust can provide for their financial security.

Funding Your Trust

You can transfer a variety of assets to your trust, including:

- Bank accounts
- Stocks
- Bonds
- Mutual funds
- Real estate
- Life insurance
- Personal property

Since you specify how you want your trust to be managed, you won't lose control of the assets.

Trust Administration

If you choose a professional trustee or co-trustee, you can be relieved of many administrative burdens. Your trustee can:

- Collect interest, dividends, and other trust income
- Deposit income directly into your savings or checking account
- Keep records of all transactions
- Provide easy-to-understand statements
- Send you information for your income-tax returns

In addition to performing administrative functions, a professional trustee also can manage your trust investments for you. A professional investment manager will:

- Research investments
- Choose investments for you
- Buy and sell securities
- Hold and safeguard securities
- Monitor performance

Your living trust can be customized to meet your needs. If you have financial and estate planning concerns, a living trust is an option worth investigating.

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