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Advantages of a Revocable Living Trust

1. Avoids Probate

Probate is the legal process for transferring your property when you die. Assets named in trust avoid the costly and time-consuming court probate proceedings.

2. Avoids Multiple State Probate Proceedings

A living trust can be especially helpful in avoiding expensive multiple probate proceedings when you own real estate or other property in several states.

3. Changeable or Revocable

The living trust allows you to make changes (or amendments) to the trust document while you are still alive.

4. Protects Your Privacy

Trusts allow the transfer of your personal assets to remain private. The probate process may expose your estate to the public.

5. Eliminate Challenges to the Estate

The standard will can create family disputes at your death and be challenged for alteration by any member of your family. By using a trust, you avoid contests.

6. Segregation of Assets

This is useful for married couples with substantial separate property that was acquired prior to the marriage, as a gift or for inheritances.

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7. Helps if You Become Incapacitated

A properly drafted living trust package will include Powers of Attorney for financial and medical needs as well as Living Wills and Nominations of Conservator.

8. Guardianship for Minors or Disabled Children

9. Estate Tax Minimization

While the main reasons for doing estate planning with a revocable living trust are stated above, you may also take advantage of some tax planning benefits with a revocable living trust. Trust tax planning should be completed with an estate planning attorney, your financial planner and a qualified tax professional.

Disadvantages of a Revocable Living Trust

While there are many advantages to establishing a revocable living trust, there are also some drawbacks: initial cost is higher than creating a will; you must make sure all your assets are in the Trust or you don't avoid probate; there may be additional recordkeeping for the trustee; sometimes you are misinformed that there is asset protection with a revocable living trust but property is treated just like you own it in your own name; and there may be minor complications such as having to take property out of trust before refinancing.

Conclusion

While there are a few minor disadvantages of having a revocable living trust, the advantages far outweigh them. The peace of mind you receive from taking care of your estate while you are living and having its' disposition settled is worth the investment.