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A Living Trust Can Help You and Your Heirs

Most advisors, both financial and legal, will tell you it is important to plan now for the orderly transfer of your assets after your death, and that the earlier you plan the better. But let's face it, most of us are not terribly eager to plan for our own demise.

Talk of wills can make most of us uneasy. Regardless of your perceptions, there is one type of trust, a revocable living trust, that can benefit you during your lifetime and, upon your death, help ensure that your assets go directly to the people you have intended.

The initial cost of setting up a living trust may be slightly more than for a will, but in the long run a trust may save you in other ways, not least of all by giving you peace of mind.

The best way to understand why you need a living trust is to look at what happens without one. If you die without leaving instructions for the distribution of your estate—either through a will or a living trust—the fate of your assets will be determined by state law, rather than by your wishes. Your assets may go to people you wish them to, or they may not.

Traditionally, wills have been the primary tool that people use to distribute assets according to their wishes. But wills have some major limitations. First, a will must go through probate, the legal process used to value your estate, settle any debts, pay taxes and transfer assets to your heirs. Probate can be costly and time consuming, exactly what your family does not need when dealing with the loss of a loved one. Second, a will is a public document, subject to scrutiny by anyone who wishes to know its contents. If someone feels they have been treated unfairly, they can contest the will.

A living trust helps you avoid these problems and offers a level of flexibility and control that a will alone cannot. Assets held in a living trust are not subject to probate, which means they go directly and immediately to your heirs upon your death. Because living trusts are private documents, they are generally more difficult to challenge than a will. Many people use a living trust and a “pour-over” will together, to be sure that all assets are included in the trust at death.

Establishing a living trust can be relatively painless and very cost effective in the long run. While there are do-it-yourself software packages and Web sites, these programs are not always correct or up to date in the law. They are very general in what they allow, and leave out many important aspects of the estate plan. Many times people pay for these programs and end up having it redone by an attorney to correct the mistakes. Save yourself the time and hassle of doing it yourself, and let me prepare a complete estate plan for you, with the legal knowledge of having it prepared correctly the first time.

For more information, contact Jennifer Racine & Associates at

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