

The Use of Revocable Trusts in Your Estate Plan

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This article briefly discusses some of the advantages of a revocable trust and why someone may want to use a revocable trust to manage their assets.

What is a revocable trust?

A revocable trust is a trust that can be altered, amended or revoked by the settlor (creator). The settlor transfers his or his assets into the trust, but still retains the power over the assets and enjoys the benefit of the assets during the settlor's life.

Do I still need a will?

Yes! The trust agreement contains provisions, similar to those in a will, that dispose of the settlor's property upon his or her death. However, as a precaution, a will is needed to distribute assets in the event that an asset is not transferred into the trust.

Advantages of a Revocable Trust:

1. A revocable trust can help to avoid probate. If all of your assets are transferred into the trust, then there is no need for a probate of your will. If you are concerned about preserving your privacy, then a revocable trust is a great tool to avoid probate.

As discussed above, avoiding probate may not be achieved if your assets were not properly transferred to your trust. This brings to light, the importance of working with your attorney and/or financial advisor to ensure that your estate plan is properly carried out.

2. As the settlor, you can change, amend or revoke your trust at anytime. A revocable trust is easier to change than a will because it does not have the same execution requirements.
3. Another benefit of a revocable trust is it ensures that your assets will be managed in the event you become disabled or incapacitated during your lifetime. This prevents a court appointing a guardian or conservator to manage your assets if you are unable to do so.

Disadvantages of a Revocable Trust:

There really are none other than the fact that all of your assets are titled in a trust and not in your name. Also, additional steps must be taken after the trust agreement is signed to put the plan into effect. Your assets must be retitled in the name of the trustees of the trust. For example, if one of your goals is to avoid probate, then all of your assets that would otherwise pass under a will, should be titled in the name of the trust (certain assets like pension plans, IRAs and the like, generally, are not so retitled. The selection of appropriate assets to fund the trust should be carefully reviewed by a lawyer).

If you have any questions or would like to discuss whether a revocable trust may be useful in your estate plan, please contact our [Estate Planning and Wealth Preservation Department](#).