

# UNDERSTANDING YOUR Revocable Trust

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One of the main benefits of a revocable trust is that it can help you avoid probate, which is the need to obtain court authority to settle your final affairs. Since the assets in the trust are no longer in your name, they do not have to go through probate. This can save your loved ones time and eliminate much of the hassles that multiple accounts and probate assets can create.

Another benefit of a revocable trust is that it can provide privacy for your estate. Unlike a will, which becomes a public record when it goes through probate, a revocable trust is a private document. This means that your assets and beneficiaries can remain confidential.

## GRANTOR

The Grantor of a trust is the creator of the trust. For your Trust, you are the creator of the Trust, and therefore you are the Grantor of the Trust, and you will transfer assets into it.

## TRUSTEE

The Trustee of a trust manages the trust, makes decisions regarding the use of trust assets, and makes distributions pursuant to the terms of the trust.

## BENEFICIARIES

A trust exists for the benefit of the beneficiaries. While you are alive, you are the income and principal beneficiary of your Trust and will receive distributions at your request. Upon your incapacity, you will receive distributions at the Trustee's discretion in a manner in which you are accustomed. Upon your death, the remaining trust assets will be distributed to the remainder beneficiaries.

## IMPORTANT TERMS

### DO I LOSE CONTROL OF THE ASSETS IN MY TRUST?

Absolutely not. You keep full control. As trustee of your trust, you can do anything you could do before - buy and sell assets, change or even cancel you trust. You even file the same tax returns. Nothing changes except the names on the titles.

### IF I HAVE A REVOCABLE TRUST, DO I STILL NEED A WILL?

Yes, you need a "pour-over" will that acts as a safety net if you forget to transfer an asset to your trust. When you die, the will "catches" the forgotten asset and sends it into your trust.

### HOW DO I FILE TAXES FOR THE TRUST?

This Trust typically does not have an Employer Identification Number. The number you will use on Trust accounts and all Trust tax reporting is your Social Security Number. As Grantor, you have the duty of reporting this Trust income in your personal income tax return.

# FUNDING YOUR Revocable Trust

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Your assets must be transferred into your trust to achieve its objectives. This is commonly known as "Funding Your Trust."

To transfer assets to your trust, you must execute new documents of title, deeds to real property, signature cards for your bank accounts, or change of beneficiary forms for pension plans, individual retirement plans and life insurance.

WE CANNOT OVEREMPHASIZE THE IMPORTANCE OF HAVING A FULLY FUNDED REVOCABLE LIVING TRUST.

An unfunded or partially funded revocable living trust does not avoid probate and may not meet your other goals. We are available to assist with answering questions and addressing concerns related to the initial trust funding for thirty days. After thirty days, questions regarding your revocable trust may result in additional fees and charges.

## Trust Funding Letter

Upon the execution of your Revocable Trust, you will be given instructions, along with a letter detailing:

- Which assets you should transfer into your trust.
- Which assets you should change the beneficiary to the trust.
- Specific instructions on how to transfer each asset.
- General administration of the trust.

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The trust funding letter has details pertaining to your specific estate plan, as well as answering most frequently asked questions. You should refer to this letter when questions arise.

### WHO IS RESPONSIBLE FOR FUNDING MY TRUST?

You are ultimately responsible for make sure all of your appropriate assets are transferred to your trust.

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### WHAT HAPPENS TO MY MORTGAGE WHEN I PUT MY HOME IN THE TRUST?

If real property you transfer to the Trust is encumbered by a mortgage, the transfer of the real property to the Trust should not change the status of the mortgage on the property.

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### WHAT IF I BUY NEW ASSETS AFTER I FUND MY TRUST?

Find out if you can take the title initially as trustee of your trust. If not, transfer the title right away.