



# What Is A Living Trust?

**A** Living Trust, also known as inter vivos, allows people to put assets in a trust, while the grantor is still alive. When living trusts are revocable, it is more flexible for the grantor. The grantor or someone whom the grantor has the confidence in, manages the property. Usually, the grantor writes their own self as a trustee and find there is no difference between managing the trust and managing their own property. As both grantor and trustee, they are given the right to buy, sell, or give property. The only difference is that the property is in the trust's name rather than the name of the grantor.



## I. Probate

A living trust is one of the ways to avoid probate. Probating is done to determine the disposition of the property a person leaves posthumously. Living wills eliminate the need to probate because the trustee owns the property.

## II. Setting Up

Requirements for setting up a living trust are variable in every state. Grantors execute a document saying that they are creating a trust to hold property for their own benefit and for the benefit of their family, or whomever the grantor wishes it to benefit. Trust declarations list major assets such as homes, major investments (such as corporations, etc.) in the trust; some refer to another document which schedules which of the exact property that will begin the trust; or some may simply transfer the property to the trustee under the trust agreement. Transfer of ownership must be registered on whatever property you put into the trust--deeds, brokerage accounts, bank accounts, etc.--from the name of the grantor to the name of the trust. Sometimes, when grantors name their own self the trustee they must sign their names in transactions as the trustee instead of just their name. In a revocable living trust, the grantor keeps the right to manage their property whether they are the trustee or not, since they have a right to change the terms of the trust, the trustee, and the property in the trust at any time. The alternative trustee, post death of the grantor, distributes the property according to the terms of the trust. Living trusts can extend long after death. If you want the trust to benefit infant grandchildren, for example, the grantor might specify that the trustee distributes increments to the grandchild as needed until a certain age. However, if beneficiaries the living trust die before you do, the property reverts to you, unless there are contingent beneficiaries already set up in the trust.

## III. Taxes

Taxes usually do not impact living trusts. Grantors should be sure to retain the right to revoke or amend their trust as they wish. An attorney who created the trust can create a revocable trust agreement, which allows the grantor to change the terms or trustee or void the trust all together.



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