



PLANNING FOR THE FUTURE TRUSTS



What is a Trust?

A Trust is legal document that enables a Trustee to control, invest, manage and distribute the assets of the Grantor for the benefit of the Beneficiary.

Questions?

What is the difference between a revocable trust and a irrevocable trust?

A revocable trust can be amended or revoked by the person that created it (the Settlor). This type of trust becomes irrevocable upon the death of its settlor. An irrevocable trust cannot be changed after it is signed.

Who is the Beneficiary?

For a revocable trust the Beneficiary is usually the Settlor until the Settlor's death.



Who should I name as my Trustee?

If you are able to manage your own assets, you should name yourself as the Trustee. However, you can also choose an adult that you trust. Usually, your trustee is your spouse, a relative or friend. You may even choose a professional fiduciary to represent your interests. You should ask whoever you choose if they are willing to act as your Agent.

What is a successor trustee?

This is a person that may have to act in the stead of your first choice in the event that the first trustee resigns, becomes incapacitated or cannot serve for other reasons.

TYPES OF TRUSTS

There are two types of Trusts: 1) a Revocable trust; and 2) an Irrevocable Trust, which you create and maintain during your lifetime.

IRREVOCABLE TRUSTS

An Irrevocable Trust is created during your lifetime and cannot be changed. These trusts are generally used to accomplish a specific tax or estate planning goal.

REVOCABLE TRUSTS

A revocable trust, also known as a living trust and sometime *inter vivos* trust, can be established at any time during your life. You can change the terms of the trust during your lifetime.



Both types of trusts can serve several purposes: 1) Save estate taxes; 2) Manage assets for minor children; and 3) Manage assets for disabled adult children or even your spouse.

Can I appoint more than one trustee?

Yes, you can appoint more than one trustee to act on your behalf. However, if the trustees disagree, a court may have to step in to resolve the dispute.

If I have a Will, does it supercede my Trust?

No. The Trust controls the assets titled in the name of the trust. The Will controls all assets not titled in the name of the trust.

What is the difference between a funded trust and an unfunded trust?

A funded trust is an alternative to a probate. If your assets are all contained within the trust, a probate may be unnecessary. This trust is usually for the benefit of its settlor until he or she passes away. An unfunded trust typically receives its assets through a "pour-over will" following the settlor's death.

What are the Trustees duties?

The Trustee should manage and invest the assets and income of the trust for the benefit of the Settlor/Beneficiary during his or her lifetime and make those assets available to the Settlor/Beneficiary in accordance with the provisions of the trust.



What are the benefits of a Revocable Trust?

A revocable trust, when fully funded, has the following purposes: 1) reduce or eliminate the need for probate; 2) Avoid the need for a conservatorship for the settlor if he or she becomes disabled; 3) protect an inheritance from a beneficiary's creditors, a beneficiary's divorce or a spendthrift; 4) tax planning; and 5) privacy.

Can I create my own trust on-line?

Generally, a trust should be drafted by an attorney, since there can be serious tax liabilities when a trust is not crafted correctly.

What is a testamentary trust.

A testamentary trust is set up in your Will. It becomes active after your death and helps determine how your estate will be administered. This trust is useful when your assets do not need management during your lifetime.

When a will contains a trust, is it best to spell out the terms exactly and narrowly define the trustee's powers?

No, it is usually best to provide for discretion in some matters. For example, you may wish to grant a trustee broad powers of investment of estate assets so they will have the flexibility to adapt to future changes in economic conditions.



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