

## **Revocable Living Trusts**

Living trusts are not as essential as many national periodicals promise, at least in Maine, where probate costs are minimal. However, living trusts can be extremely effective as financial management vehicles, particularly for elderly persons with substantial assets. In addition, use of a living trust and avoiding the need to file for probate of an estate, does allow more privacy for the deceased person and their family's affairs.

Initially you can set up a trust so that you serve as your own trustee, and the trust simply becomes an extension of yourself. You can transfer assets to an established living trust at any time during your lifetime, with additional funding that can be done after your death, with use of a "pour-over" will. Unlike a general power of attorney, which authority ceases at death, there is no interruption in the trust because of disability or death. During your lifetime, if needed, and after your death, the successor Trustee whom you appoint will continue to manage your affairs, pay your expenses and taxes, and finally distribute the assets held in the trust to your beneficiaries according to the instructions contained within the trust document.

A living trust can be altered or revoked in its entirety by you at any time during your lifetime, and you retain complete control over your assets during your lifetime, while competent to do so. A separate tax identification number is generally not required for your trust during your lifetime, but rather you can simply use your own Social Security number for the trust. However, after death a separate tax identification number is generally required for banking purposes.

Living trusts do have limitations. The mere existence of an executed trust does not eliminate the need for probate. Only assets that are titled in the living trust at the time of your death will avoid probate. If you have any solely-owned assets or assets as tenants-in-common with another, those assets will be subject to probate. If you execute a living trust, it is imperative that your will contain "pour-over" provisions to make certain any assets not titled in the trust will flow through the trust to the beneficiaries you have named within the trust document.

Although titling all assets in your living trust will avoid the cost of probate, it can be more expensive to go through the process of transferring all your assets into the trust, particularly if real estate is involved.

The pros and cons of living trusts should be explored within the context of your particular family and financial concerns before deciding if establishing a living revocable trust is right for you.