

Is a Will or Trust Right for You?

If you have a will, there's a question you should be asking yourself: "Do I also need a trust?" You might be surprised. A revocable living trust can be a useful estate-planning tool for people at all income levels, not just the very rich, says Lisa Montano, an Estate Planning Strategist for Wells Fargo Advisors.

Knowing the basics. "It depends on your individual circumstances, but most people should at least consider a revocable living trust," Montano says. You set up the trust and then transfer your property and other assets into it. Most people name themselves as trustee—the person who manages the assets within the trust—but you can also choose someone else or an institution. If you are serving as trustee, you'll need to name a successor trustee to distribute your assets at your death.

A properly created living trust may be more expensive to set up than a simple will, but it gives you greater control over when and how your assets will be distributed after your death, Montano says.

Other benefits. Here are three other advantages of trusts:

- **Avoid probate.** Probate is the process the court system uses to distribute your assets according to the terms of your will. If you have a trust, you avoid the fees and delays associated with probate.
- **Privacy protection.** Because probate is a public process, anyone can go to the courthouse and see the details of your will, Montano says. A living trust will keep the terms of your estate secret.
- **Built-in incapacity planning.** If you have a financial durable power of attorney (POA), you have already named someone to take over your affairs in case you become incapacitated, but Montano says it can be difficult for an agent named under a POA to step in and handle your financial matters. In contrast, with a revocable living trust, successor trustees seem to have an easier time having their powers recognized by financial institutions. However, if you have a revocable living trust, it is still advisable to have a POA. A successor trustee has power to manage only trust assets.

The importance of a will. If you have a simple estate, don't have a lot of assets, and live in a state that doesn't have a lengthy or complicated probate process, a simple will may be all you need, Montano says, but consult with a qualified estate planning attorney first.

One final note: If you decide to create a revocable living trust, make sure you discuss with your attorney how to put assets into the trust, otherwise those assets may still be subjected to the probate process.

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