

The Benefits of a Trust

A trust is a pivotal element in many estate plans, acting as the core strategy for clients aiming to bypass probate, reduce or eliminate estate taxes, support a disabled family member, protect assets from creditors, and maintain Medicaid eligibility. Often serving a similar function as a will, a trust achieves these goals without the cost and delay associated with the probate process.

Understanding Trusts

Trusts can be either revocable or irrevocable depending on your specific objectives. Here, we define the two types. No matter the type of trust you choose, a well-crafted trust enables you to distribute your assets as you see fit, typically avoiding court intervention. A trust outlines the method for gathering and allocating your assets for your benefit upon your incapacity and for the benefit of your loved ones and charitable organizations upon your death. At Jennifer Porter Law, PLLC, we offer tailored solutions that align with your goals by strategically crafting your estate plan.

Revocable Trusts

Known alternatively as a Living Trust, a revocable trust grants you the flexibility to maintain control over your assets, with the option to alter or nullify the trust's terms at any point during your lifetime. The primary advantage of such a trust is its ability to circumvent the probate process, thereby relieving your family from the complexities and financial burdens often associated with estate settlement through probate courts. Here are the benefits of revocable trusts:

- **Avoiding Probate:** Assets held in a revocable trust are not subject to probate, allowing for a quicker and more private transfer of assets to beneficiaries.
- **Control and Flexibility:** You can modify or revoke the trust as circumstances change, ensuring your estate plan remains current.
- **Incapacity Planning:** In the event of incapacity, the successor trustee can manage the trust assets without court intervention.

Irrevocable Trusts

Once established, an irrevocable trust differs from a revocable trust in that it cannot be altered or dissolved. These trusts are usually created in narrow circumstances to accomplish a specific purpose. Typically, the person making the trust (known as the grantor or settlor) places their assets into the trust but does not act as the trustee, who is responsible for executing the trust's instructions. Once assets are transferred into an irrevocable trust, the settlor relinquishes access and control over these assets, which then fall under the trustee's purview. Here are the most common objectives in utilizing irrevocable trusts:

- **Blended Families/Second Marriages:** If you are part of a blended family, you may wish for your estate to benefit your surviving spouse while ultimately ensuring your assets go to your children.
- **Medicaid Planning:** Irrevocable trusts are often used to protect assets and qualify for Medicaid benefits while preserving your estate for heirs.
- **Asset Protection:** These trusts protect assets from creditors and legal judgments, providing security for your wealth.
- **Estate Tax Reduction:** Irrevocable trusts can reduce estate taxes by removing assets from your taxable estate, benefiting future generations.

Avoiding Probate

Probate is a detailed and often prolonged process involving the judicial system in transferring and retitling a deceased individual's assets to a new owner. You can circumvent the probate process through proper planning, including in a trust, thereby avoiding probate's public exposure, time-consuming nature, and associated costs. It's important to note that merely having a will does not exempt an estate from undergoing probate. Here are the advantages of avoiding probate:

- **Privacy:** Probate is a public process, whereas trusts allow for the private transfer of assets.
- **Required Notice to All Parties:** In Virginia, all heirs must be notified of all proceedings in the probate process, even if they were disinherited in the will. All parties, including disinherited heirs, are informed of all court hearings and can object to any proceedings.
- **Efficiency:** Bypassing probate means that beneficiaries can receive their inheritance more quickly.
- **Cost Savings:** Avoiding probate can save on court fees, legal fees, and other associated costs.

If you're considering incorporating a trust into your estate plan or have questions about how a trust can benefit you and your loved ones, we're here to help.

Call us at Jennifer Porter Law, PLLC, today at **(571) 532-9070** or contact us **online at www.jenniferporterlaw.com** to schedule an initial consultation. Our team looks forward to assisting you in making informed decisions about your estate plan, helping to secure your legacy and the well-being of your loved ones for years to come.

